

# **EMADLANGENI LOCAL MUNICIPALITY**

## **ANNUAL REPORT 2008/9**



**A town within a gamepark!**

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# SELECTED ACRONYMS

<b>MSA</b>	<b>Municipal Systems Act, 2000</b>
<b>MFMA</b>	<b>Municipal Finance Management Act, 2003</b>
<b>SMME</b>	<b>Small Micro Medium Enterprise</b>
<b>ASGISA</b>	<b>Accelerated Shared Growth Initiative of South Africa</b>
<b>MANCO</b>	<b>Management Committee</b>
<b>PMS</b>	<b>Performance Management System</b>
<b>LUMS</b>	<b>Land Use Management System</b>
<b>IDP</b>	<b>Integrated Development Plan</b>
<b>IDPRF</b>	<b>Integrated Development Plan Representative Forum</b>
<b>GAMAP</b>	<b>Generally Accepted Municipal Accounting Practices</b>
<b>GRAP</b>	<b>Generally Recognised Accounting Practice</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>SDF</b>	<b>Spatial Development Framework</b>
<b>EMP</b>	<b>Environmental Management Plan</b>
<b>WSDP</b>	<b>Water Services Development Plan</b>
<b>TDP</b>	<b>Tourism Development Plan</b>
<b>CPTR</b>	<b>Current Public Transport Record</b>
<b>SCM</b>	<b>Supply Chain Management</b>
<b>SDBIP</b>	<b>Service Delivery and Budget Implementation Plan</b>
<b>MM</b>	<b>Municipal Manager</b>
<b>MIG</b>	<b>Municipal Infrastructure Grant</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>KPA</b>	<b>Key Performance Area</b>
<b>DBSA</b>	<b>Development Bank of Southern Africa</b>
<b>CDW</b>	<b>Community Development Worker</b>
<b>BEE</b>	<b>Black Economic Empowerment</b>

## **FOREWORD BY THE ACTING MAYOR COUNCILLOR B.C. MABASO**



**Members of Council,**

**The Municipal Manager,**

**Heads of Departments,**

**All Traditional leaders**

**Members of Ward Committees,**

**The communities of our Municipality, and**

**All stakeholders in local government.**

It gives me pleasure to present to you the Annual Report for the year 2008/2009. The period under review has been one of the difficult periods ever in our tenure as Council but we survived the storm even then.

The year started with the change of political leadership and return of our Municipal Manager who was suspended in 2007 pending the finalisation of the investigation. He returned on duty in September 2008. A strategic workshop was organised and attended in November 2008 to work out our strategic objectives for the year 2008/2009. It is at that stage that we lost Councillor N.P. Stannard who got ill for a month and a few days. He was replaced by Councillor S.B. Harber towards December 2008. We

concluded performance agreements and the performance plan in January 2009 with our senior managers.

Councillor M.E. Khoza remained suspended after a High Court decision on 18 March 2009. The municipality battled to form a quorum as a result we had challenges of approving the 2009 / 2010 annual budget and the revised tariff charges on time until the Department of Local Government and Traditional Affairs came in to assist. Later in the year, the MEC for Local Government and Traditional Affairs requested for the re election of the Acting Mayor because she believed that the present Acting Mayor Cllr B.C. Mabaso, was not properly elected. Cllr B.C. Mabaso was re elected the Acting Mayor pending the finalisation of the appeal by Cllr M.E. Khoza who is the Mayor of the Municipality.

We have achieved an improvement in the financial report by the Auditor General for the year 2008 / 2009 in spite of operating the Municipality without the Chief Financial Officer for more than twelve months because of political challenges. The 2007 / 2008 Auditor General Report indicated a disclaimer for our Municipality and the 2008 / 2009 indicates that the Municipality was serious about change from that position. We still strive in the 2009 / 2010 for an even better audit report. We will strive for an unqualified audit report.

I wish to thank fellow councillors, the ward committee members, officials and the community for their support throughout the year in view of the challenges we had experienced in the service delivery. It is my humble view that this report shall not only be a reading material but it shall be a lesson to all of us going forward in our duty as municipal workers and community leader in our own right.

I thank you.

**Cllr. B.C. Mabaso**

**ACTING MAYOR**

## EXECUTIVE SUMMARY BY THE ACCOUNTING OFFICER OF THE MUNICIPALITY



30 June 2009 marked the end of our Municipal Financial year and the start of another financial year. In terms of Section 121 of Local Government: Municipal Finance Management Act, 2003, the Municipality has to prepare an Annual Report for the previous financial year.

The key achievements for the year under review includes among others the following;

- Strategic session was done for the purposes of setting up objectives of the Municipality for the 2008/2009 financial year;
- Conducted community participation exercise in terms of the Municipal budget process plan covering all four wards of the Municipality;
- Restructured the committee system of the Municipality to conform to the strategic objective of the Municipality;
- Produced a credible annual financial statement after two years of receiving a disclaimer because we could not submit a credible annual financial statement;
- The valuation roll was done and completed with minor challenges and the billing was done in the whole area of the Municipality with teething problems;
- Municipal policies were revised and work shopped by Council and they are ready for adoption by Council and



- The Municipal Manager was re instated.

There were enormous challenges within the year under review and those are highlighted as follows;

- No Chief Financial Officer was appointed since January 2009 because of the dispute in the Council leadership;
- Late submission of the annual financial statement because of the vacancies in the Budget and Treasury Office hence poor planning;
- Consistent failure of Council to hold regular meetings thus failing to give political guidance in terms of the legislation;
- Staff turnover and failure to attract good skilled employees because of the area our Municipality is situated;
- Low income base of the Municipality and the high dependency ratio to Government.

#### **Legislative framework:**

Local Government is highly legalised and the most crucial legislation in local government are the following to name just a few;

- Constitution of the Republic of South Africa, 1996;
- Local Government: Municipal Structures Act, 117 of 1998,
- Local Government: Municipal Systems Act, 32 of 2000,
- Local Government: Municipal Finance Management Act, 56 of 2003,
- Local Government: Municipal Property Rates Act, 6 of 2004 and
- Local Government: Municipal Electoral Act, 27 of 2000.

#### **Strategic Objectives.**

The Municipality has subscribed to the five key performance areas determined by the National Government which are the following:

- Basic Service Delivery;
- Municipal Institutional Development and Transformation;
- Local Economic Development;
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

Strategic objectives of the Municipality that was achieved in the year under review are the following;

NO	OBJECTIVE	SOURCE	RESPONSIBLE OFFICIAL	COMMENTS
1.	Preparation of an integrated development plan within the prescribed legal guidelines	Council Resolution and the income and Expenditure report.	Office of the Municipal Manager	The IDP (integrated Development Plan) was adopted within the deadline on the 25 June 2009. A capital project of R 60 000 was utilised on Ward 1,3 and 4 community projects
2.	Implementation of the Employment Equity Plan of the Municipality	Corporate Services Portfolio Committee reports	Office of the Municipal Manager	Out of four (4) financial interns appointed this financial year, two (2) are females. The Planning and Development Officer is a female as well.
3.	Reviewing of by-laws and compilation of Municipal code.	Council Resolution	Corporate Services	Property Rates by-laws were gazetted.
4.	Ensure client satisfaction relating to customer satisfaction.	Complaint register at the Engineering Office	Engineering Services	Out of 312 complaints received in the previous financial year, only 93 were received in the year under review.
5.	Create tourism facility and amenities.	Council agenda.	Engineering Services	Regular reports and presented to the Engineering Services Committee.
6.	Maintain the roads as per the maintenance budget with the financial year.	List of roads	Engineering Services.	15.5 kilometre of road was done by April 2009.
7.	Maintenance of streetlights in a good working order.	Complaints Register.	Engineering Services.	Out of ninety (90) complaints registered in 2007/2008, only ten (10) complaints were received in the 2008/2009 financial year.

A full report on the performance of the Municipality appears further in this report.

#### **Financial Management:**

There were challenges with financial management because the Municipality has been run by acting Chief Financial Officers since the resignation of Mrs. Pearl Zanele Kubheka in 2008 and Mr. Magcaba in January 2009. Mr. Siyabonga Kunene was acting Chief Financial Officer in 2008. While Messrs. Ntombela and Steve Keats acted in 2009. Staff development in finances was done in the 2008/2009 financial year. Most of the staff in Budget and Treasury, including the interns, had undergone training at Vulindlela by the Development Bank of Southern Africa and Wits Business School. It is worth mentioning that there was change of management from the Department of Local Government and Traditional Affairs and the Municipality when the Municipal Manager was reinstated after the enquiry hence the financial management had challenges because of that change. It was not normal for Council to monitor an employee appointed by the Department of Local government and Traditional Affairs. The Municipality is still being owed the salary paid to the acting Municipal Manager appointed by the Department of Local Government and Traditional Affairs in August 2007. It is our hope that the 2008/2009 audit report will be different from the past disclaimers received in 2007/2008.

**Conclusion:**

I wish to thank the acting Mayor, members of Council, Local Government Department in the Province and the Government as well as members of the staff in the Municipality and the office of the Auditor General for their support and guidance through this period.

I thank you

**MR. V.M. KUBEKA**

**MUNICIPAL MANAGER**

# VISION AND MISSION

## VISION

**Emadlangeni municipality intends providing social and economic upliftment to all its communities”**

## MISSION

**We will focus on tourism development, game farming, agriculture, local economic development, job creation and skills development**

# FUNCTIONS, POWERS AND DUTIES

In terms of Section 84 of the Municipal Structures Act (No. 117 of 1998), the Local Municipality has the following functions and powers:

1. air pollution
2. building regulations
3. child care facilities
4. electricity reticulation
5. fire fighting
6. local tourism
7. municipal planning
8. municipal public transport
9. pontoons and ferries

10. storm water
11. trading regulations

Schedule 5B of the Constitution of the Republic of South Africa, 1996

1. amusement facilities
2. billboards and the display of advertisement in public places
3. cemeteries, funeral parlors and crematoria
4. cleansing
5. control of public nuisance
6. control of undertakings that sell liquor to the public
7. facilities for the accommodation, care and burial of animals
8. fencing and fences
9. licensing of dogs
10. licensing and control of undertakings that sell food to the public
11. local amenities local sport facilities
12. markets
13. municipal abattoirs
14. municipal parks and recreation
15. municipal roads
16. noise pollution
17. pounds
18. public places
19. refuse removal, refuse dumps and solid waste disposal
20. street trading

21. street lighting
22. traffic and parking and
23. Municipal public works.

Section 229, Chapter 13 of the Constitution of the Republic of South Africa, 1996 further deals with fiscal powers and functions of municipalities as follows:

“(1) Subject to subsections (2), (3) and (4), a municipality may impose –

- a) Rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
  - b) If authorized by national legislation, other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general tax or customs duty.
- (2) The power of a municipality to imposed rates on property, surcharges on fees for services provided by or on behalf of the municipality, or other taxes, levies or duties –
- a) May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
  - b) May be regulated by national legislation.
- (3) When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions must be made in terms of national legislation. The division may be made only after taking into account at least the following criteria;
- a) The need to comply with sound principles of taxation,

- b) The powers and functions performed by each municipality,
  - c) The fiscal capacity of each municipality,
  - d) The effectiveness and efficiency of raising taxes, levies and duties,
  - e) Equity.
- (4) Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.
- (5) National legislation envisaged in this section may be enacted only after organized local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered.”

# MANDATES

## SPECIFIC MANDATES

- Local Government : Municipal Finance Management Act, No. 56 of 2003
- Local Government : Municipal Systems Act, No. 32 of 2000
- Local Government : Municipal Structures Act, No. 117 of 1998 as amended
- Local Government : Municipal Planning and Performance Management Regulation, 2001
- Local Government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006
- Local Government : Municipal Property Rates Act, No. 6 of 2004
- Intergovernmental Relations Framework Act, No. 13 of 2005
- Disaster Management Act, No. 57 of 2002
- Remuneration of Public Office Bearers Act, No. 20 of 1998
- Local Government : Municipal Demarcation Act, No. 27 of 2008
- Organised Local Government Act, No. 52 of 1997
- The Pension Benefits for Councillors of Local Authorities Act, 105 of 1987
- Fire Brigade Services Act, No. 99 of 1987

## **SUPPORTING MANDATES**

- The Constitution of the Republic of South Africa, 1996
- White Paper on Transforming Public Service Delivery (Batho Pele), 1007
- The White Paper on Service Delivery

## **POLICIES AND PROCEDURES**

- Emadlangeni Local Municipality Financial Rules
- Emadlangeni Local Municipality Code of Conduct
- Emadlangeni Local Municipality Supply Chain Management Policy

## **MEMBERS OF THE COUNCIL**



**Emadlangeni Local Municipality consists of 7 Councilors as follows:**

1. Cllr JC Msisi
2. Cllr VS Ntshangase
3. Cllr BC Mabaso
4. Cllr LJ Vundla
5. Cllr A Nene
6. Cllr S Harber
7. Cllr ME Khoza



Cllr J.C. Msibi



Cllr L.J. Vundla



Cllr V.S. Ntshangase



Cllr S.B. Harber



Cllr A. Nene

Cllr M.E. Khoza



Cllr B.C. Mabaso

# CHAPTER 1

## OVERVIEW OF THE MUNICIPALITY



Emadlangeni Local Municipality (KZ 253) surrounded by Newcastle East (52km), 68km west of Vryheid, South West from Dundee and North East from Volksrust/Wakkerstroom. It consists of a vast rural area when compared to other Municipalities in the District but has a low percentage of Economic Activity in the area.

Emadlangeni Local Municipality consists of approximately 1400 commercial farming areas surrounding the town. Table 1 provides a look at the key factors and figures of the Emadlangeni Municipality:

In terms of the various statistics for the Municipality and the District, the STATSSA Census nation-wide in 2001 and it has in many cases proved to be inaccurate and the DLG&TA requested the use of the Community Survey of 2007 in this review process. In response to the problems associated with the 2001 Census data the Amajuba District Municipality undertook a Baseline Data study with funding from the Provincial Government.

Below is a table briefly summarizing the key facts and figures for the Municipality as per the Community Survey of 2007 and the Baseline Data Study. Additional information in this regard will be highlighted under the Analysis Phase of this report

Table 1: Summary of the basic facts and figures

Basic facts	Basic figures	
	Amajuba District Backlog Study 2005	Stats SA Community Survey 2007
Total population	35 962	23 263
Total number of households	5 663	5 211
Emadlangeni population as compared Amajuba District Municipality		442 266
% of total population urbanized	10%	19.6%
% of total population living in rural areas	90%	80.4%
Age profile		
0-9	6.1%	22.1%
10-19	14.4%	20.5%
20-29	33.2%	18.6%
30-39	39.6%	15.6%
40-49	6.7%	9.0%
50+		14.1%
% Household with no income	17.7%	51.5%
HIV/AIDS rate in the District	<b>ADM:</b> 46% National HIV & Syphilis Prevalence Survey SA (2006)	<b>ADM:</b> 39.4% National HIV & Syphilis Prevalence Survey SA (2007)

(Sources: Stats S.A. Community Survey 2007 and Amajuba Backlog Study, 2005)

## **Priority needs**

The following issues listed below are critical developmental issues identified by different stakeholders within the municipality.

1. The inadequate living conditions of farm workers in terms of tenure security, the need for land and access to basic physical and social infrastructure.
2. The development of the economy through the stimulation of the tourism sector through training, funding and the development of marketing opportunities.
3. Lack of funding and vigorous awareness on HIV/AIDS through the local CBO's dealing with the Pandemic
4. The stimulation of the agriculture and SMME sectors through training, funding and the creation of development opportunities.
5. The lack of social services and infrastructure in the area especially at the satellites sub-satellites together with the associated basic infrastructure such as water and sanitation.
6. Linking highveld region economically and socially with town through integrated transport system and road networks.

7. The social and physical; impact of the lack of sound communication and communication systems such as telephones, radio and television.
8. The upgrading and provision of infrastructure according to the needs created by the newly developed spatial strategy.
9. The institutional and financial restructuring of the local municipality.

Addressing the needs of women, youth, disable and aged together with the development opportunities will serve as a guiding principle in each projects and programmes that will be implemented by the municipality.

## **Opportunities**

**In terms of answering the question of “What opportunities do we offer?” the following is applicable:**

The following areas of growth potential have been identified in the IDP, namely:

- The further development of the Balele Nature Reserve at Utrecht;
- The development of the Emadlangeni fly-fishing Meander;
- The development of housing projects including the formalization of Kingsley, Groenvlei, Clouds End Housing, and Housing development in and around Utrecht (expansion of rates base);
- Soya production in Emadlangeni on large scale for processing at facilities being established near Newcastle;
- The further development of the dairy industry to focus on the export of milk, cheese, powder milk, yogurt and fruit juice at the facilities being established near Newcastle.
- Reviving of mining activities by assisting the applications of mining licenses in the area.

There are sector plans which are the driving force behind service delivery. The Sector Plans are aligned to the IDP and reviewed as the need arises. The following table demonstrates the status of the sector plans at the end of the year under review

#### Current Status of IDP Sector Plans

Sector Plan	Status	Comments
Integrated Environmental Programme	DM	To be reviewed. Promoting environmental friendly methods of waste disposal in area outside the urban area.
Environmental Management Plan	DM	Complete.
Integrated Waste Management Plan	DM/LM	Complete.
Cemetery Plan	DM	Complete.
Public Transport Plan	DM	Complete.
HIV/Aids Policy	DM	Complete. A policy document has been developed to guide to guide all of Council's activities on HIV/Aids matters.
HIV/Aids Plan	LM	Identified as priority for preparation
Water Service Development Plan	DM	Review complete.
Tourism Development Plan	DM	Complete.
Tourism Signage Development Plan	DM	Complete.
Battlefields Development Plan	DM	Complete. The DM have prepared a battlefields package to offer tourists.
LED Plan	DM	Complete. The plan identified three potential growth sectors in the district as Agriculture, Commerce Industry and Tourism.

LED Plan	LM	Situation Analysis completed. The plan is being prepared with the help of DBSA.
Manufacturing Sector Plan	DM	Complete.
Agricultural Development Plan	DM	Complete.
Electricity Supply Development Plan	DM	Complete.
Disaster Management Plan	DM	Complete.
Disaster Management Plan	LM	Draft to be reviewed and adopted by Council
Performance Management System	LM	Being finalized for adoption
Municipal Infrastructure Investment Plan	DM	Complete.
Backlog Study	DM	Complete.
Sports Facilities Sector Plan	DM	Sufficient for local level
Area based plan Land Reform	DM in preparation	DLA has appointed consultants to prepare the plan. Status Quo and Strategies sections are complete.

### **Challenges we are faced with:**

- **Debt collection**
- **Political instability**
- **Retaining of skilled staff**
- **Small rates space**
- **Attraction of Developers and Investors**
- **Decline of economic activities prompted several business to close one of the two banks in town**

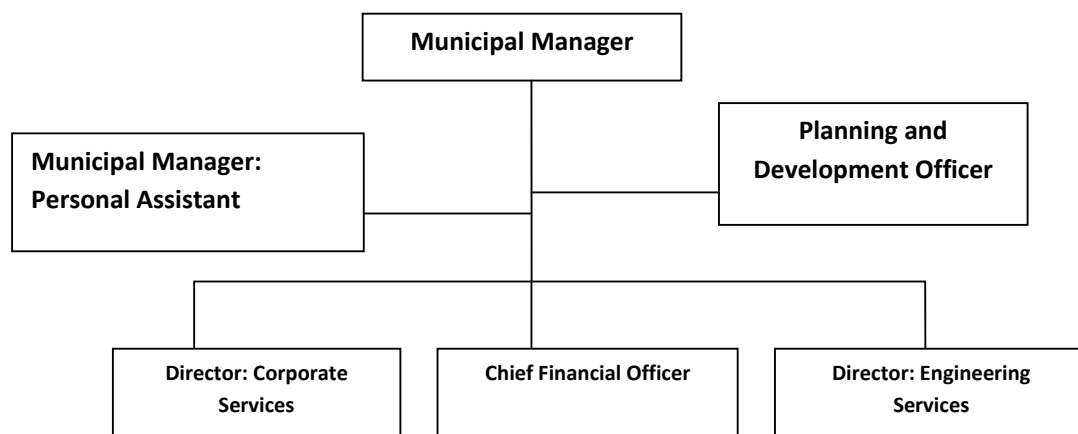


- **Urbanisation away from towns (economically active people relocating and selling their properties)**

## **HUMAN RESOURCES DEVELOPMENT**

### **INSTITUTIONAL FRAMEWORK**

The organizational structure of Emadlangeni Local Municipality is shown in the diagram below:



As shown in the diagram above, Emadlangeni Local Municipality has 3 departments. Each department is headed by a director who is a section 57 employee (meaning that she / he is on a five-year employment contract and a yearly performance agreement and reports directly to the Municipal Manager). The Municipal Manager reports to the Acting Mayor.

There are three portfolio committees corresponding to the municipal departments; portfolio committees are headed by a chairperson who is a member of Council.

## HUMAN CAPITAL

During the year 2008 /2009, the municipality had a staff complement of **56** which are permanently employed and 4 which are section 57 Performance Contract Managers.

Staff Complement as at 30 June 2009

DEPARTMENT	NO. OF STAFF
Office of the Municipal Manager	3
Corporate Services	16
Budget and Treasury	8
Engineering Services	30
<b>TOTAL NUMBER OF STAFF</b>	<b>57</b>

## Departmental Responsibilities

Department	Functions
<b>Office of the Municipal Manager</b>	Municipal Management; Municipal Planning (IDP and PMS); and Municipal Finance Management.
<b>Corporate Services</b>	<p><b>Administration:</b> it is responsible for child care facilities; billboards and display of advertisements in public places; licensing of dogs; licensing and control of undertakings that sell liquor to the public; facilities for accommodation; municipal administration; property administration; security and cleaning; libraries; human resources; legal services; business licenses; information technology communication.</p> <p><b>Protection:</b> it is responsible for fire-fighting services; noise pollution; pounds; public places; street trading; traffic and parking; disaster management; control of public nuisances; municipal public transport; public safety; motor licensing; roadworthy testing; and municipal policing.</p>
<b>Budget and Treasury Offices</b>	<p><b>Income:</b> responsible for Revenue Management; Debt Management and internal control.</p> <p><b>Expenditure:</b> is responsible for expenditure management; procurement; materials; insurance; internal control and properties.</p>

<b>Engineering Services</b>	<b>Community services:</b> is responsible for Building regulations; local tourism; planning and Land use management; promotion of local economic development and facilitation of housing development.
	<b>Electrical:</b> is responsible for electricity and gas reticulation and street lighting.
	<b>Civil services:</b> is responsible for air pollution; municipal airports; municipal public works; stormwater management; cemeteries; funeral parlours and crematoria; cleansing; fence and fences; burial of animals; local sports facilities; markets; municipal abattoirs; municipal parks and recreation; municipal roads; and refuse removal, refuse dumps and solid waste.

The responsibilities of various Departments of the Municipality are the following:

<b>Office of the Municipal Manager</b>	<b>Budget &amp; Treasury Office</b>	<b>Corporate Services</b>	<b>Engineering Services</b>
Strategic Leadership Strategic Planning & Monitoring Responsibility for the organization Effective and efficient administration	Management of Grants, Tax and Levies Revenue Management Debt Management Expenditure	Child care facilities Billboards Licensing of Dogs License to sell Liquor Facility for accommodation Municipal	Building Regulations Local Tourism Planning and Land Use Management Promotion of Local Economic Development Housing Development

Political Office Bearers and political structure advice Implementation of political structures' decisions Implementation of national & provincial legislation Internal audit	management Procurement Internal control	Administration Human Resource Management Security & Cleaning Libraries Legal Services Business License Information Technology Communication Fire Fighting Street Trading Council support Traffic and Policing Disaster Management Municipal Public Transport Motor Licensing Roadworthy Testing Municipal Policing	Facilitation Electricity and Gas reticulation Street Lighting Responsible for air pollution Responsible for municipal public works Responsible for storm water management Responsible for cemeteries and crematoria Responsible for cleansing Responsible for fencing and fences Responsible for burial of animals Responsible for local sports facilities Responsible for market Responsible for municipal abattoirs Responsible for Municipal parks and recreation responsible for Municipal roads Responsible for refuse removal, refuse dump site and solid waste management.
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## SENIOR MANAGEMENT

During the year under review, not all senior management posts were filled.



**MR VM KUBEKA**

**OFFICE OF THE MUNICIPAL MANAGER**



**MRS SM BROWN**

**CORPORATE SERVICES**



**MR MN DEKKER**

**ENGINEERING SERVICES**

**Emadlangeni LM Directorate**

<b>DIRECTORATE</b>	<b>DIRECTOR RESPONSIBLE</b>	<b>DATE OF APPOINTMENT</b>	<b>PORTFOLIO COUNCILLOR</b>
Municipal Manager	V M Kubeka	18.02.02	Cllr BC Mabaso
Corporate Services	SM Brown	08.08.06	Cllr VS Ntshangase
Finance	Vacant		Cllr BC Mabaso
Engineering Services	NM Dekker	01.01.97	Cllr S Harber

### ***Employment Equity Development***

The Municipality had developed and approved the Employment Equity Plan. This plan has been implemented. Reports are sent to the Department of Labour regularly. The year under review did not perform very well and the reasons are that the MEC for Local Government and Traditional Affairs had intervened in terms of Section 139(1)(b) of the Constitution of the Republic of South Africa. Statistics of the equity employment are indicated herein under:

<b>Employment Equity Implementation</b>	<b>Designation Group</b>	<b>Non-Designated Group</b>	<b>Women</b>
Top Management	2	1	1
Middle Management	1	2	1
Professional Staff	6	2	3

Seventy five (75%) percent of top management is occupied by africans. There is one (1) female employee in that group. Fifty (50%) percent of the designated group was appointed. Professionals are adequately represented with more than sixty (60%) percent.

<b>Representation by Occupation Level</b>	<b>Male</b>				<b>Female</b>				
	A	C	I	W	A	C	I	W	
Senior	2	0	0	1	1	0	0	0	4
Middle	1	0	0	2	0	0	0	0	3
Other Staff	63	1	0	5	12	2	0	5	88

## **EXPENDITURE MANAGEMENT OF EMPLOYEES AND COUNCIL**

In terms of the MFMA the municipality is required to disclose all expenditure of staff and councilors, in compliance with Section 65 – 66 of the MFMA. Below are tables illustrating the said expenditures:

#### **Personnel expenditure for the past three years and current**

<b>Financial Year</b>	<b>Municipal audited Expenditure</b>	<b>Budget R</b>	<b>Percentage</b>
<b>2006/2007</b>	<b>R 7 726 212</b>	<b>R 7 947 822</b>	<b>97,21%</b>
<b>2007/2008</b>	<b>R 9 517 243</b>	<b>R 8 969 141</b>	<b>106,1%</b>
<b>2008/2009</b>	<b>R 9 816 268</b>	<b>R 8 455 662</b>	<b>105,86%</b>

#### **Councilors' expenditure for the past four years**

<b>Financial Year</b>	<b>Municipal audited Expenditure</b>	<b>Councilors Budget R</b>	<b>Percentage</b>
<b>2006/2007</b>	<b>R 1 173 722</b>	<b>R 1 014 262</b>	<b>115,72%</b>
<b>2007/2008</b>	<b>R1 031 513</b>	<b>R 1 137 925</b>	<b>90,6%</b>
<b>2008/2009</b>	<b>R 1 289 285</b>	<b>R 1 111 670</b>	<b>115,97%</b>

#### **PENSION AND MEDICAL AID FUNDS STATISTICS**

The table below indicates a summary of pension and medical aid funds utilized by Council employees and Councilors from 01 July 2008 to 30 June 2009:

##### **Summary of Pension Funds**

<b>Description</b>	<b>No of Members</b>	<b>Total</b>
Natal Joint Municipal	45	R 492 931.89



Employees Provident Fund		
Superannuation Fund	4	R 233 168.00
Government Employee Pension Fund	3	R 52 976.40
Municipal Councillors Fund	7	R 103 290.00
Total Pension Fund	59	R 882 366.29

#### Summary of Medical Aids Funds

Description	No of Members	Employees Contribution	Employers Contribution	Total
Global Health (P)	17	R 178 449	R 267 674	R 446 123.86
Bonitas	1	R 46 195.00	R0	R 46 195.00
Samwumed	13	R 49 187.04	R 73 780	R 122 967.61
Total Medical Aid Fund	31	R 273 831.04	R 341 454	R 615 286.47

## CHAPTER 3

### FUNCTIONAL SERVICE DELIVERY REPORTING

#### KEY PERFORMANCE AREAS

Emadlangeni Local Municipality had Performance Management System (PMS) in the 2008 / 2009 financial year, however due to difficulty experienced in the municipality PMS reviews were not done. The local KPA are based on the five national KPA's.

### Service Delivery Key Performance Indicators – Office of the Municipal Manager

Legislative KPA	Local KPA	Strategic Objective	Proposed KPI	Baseline	TARGET				Rsp. Official	Report
					2008/2009					
					Q1	Q2	Q3	Q4		
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	IDP	The preparation of an IDP within the prescribed legal guidelines.	Adoption by Council of an reviewed IDP in terms of the deadlines laid down in the IDP process plan. <b>(1)</b>	N/A	N/A	N/A	N/A	MM	The Process plan had a deadline of the end of June 2009 and Council adopted the IDP on the 25 June 2009	
			Rand value of funding secured for the review of the IDP <b>(2)</b>	0	3000	0	0	3000	MM	R 11 000 was utilized from vote no. 0260 0143 009
			% of capital budget spend on projects as set out in the IDP. <b>(3)</b>		25%	25%	25%	25%	MM	Capital budget on projects was R60000 and 100% of the amount was utilized.
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	Employment Equity	To implement the Employment Equity Plan of the Municipality	% employed in the three highest levels of management who are PDI (race) <b>(4)</b>	85%	N/A	N/A	N/A	N/A	MM	One (1) person (Ms. L. Nkabinde)was appointed in the three highest level of management.
			% employed in the three highest levels of management who are PDI (gender) <b>(5)</b>	20%	N/A	N/A	N/A	N/A	MM	One (1) female person (Ms. Lungile Nkabinde)was appointed in the three highest level of management
	Public Relations	To facilitate public participation in all Council activities	Number of ward committees established <b>(6)</b>	4	N/A	N/A	N/A	N/A	MM	Four (4) ward committees had been established.
			Number of ward committee <b>(7)</b> meetings held	12 meetings per year	3	3	3	3	MM	Five (5) meetings were held.
		To keep the general public informed of all Council activities and initiatives	% of Council agendas and minutes made available to the public at the library <b>(8)</b>	50% of the minutes are available	Minutes at the library	Minutes at the library	Minutes at the library	Minutes at the library	MM	All minutes of Council meetings are contain in each agenda of an ordinary Council meeting.

Due to financial constraints a formal customer care survey was not conducted however during the Integrated Development Planning forums all complaints were collected and taken into account.

## CORPORATE SERVICES DEPARTMENTAL SCORECARD

Legislative KPA	Local KPA	Strategic Objective	Proposed KPI	BASELINE	TARGET				Resp. Official	Report	Comments
					2008/2009						
					Q1	Q2	Q3	Q4			

MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	Human Resources	To manage Council's Human Resources and to compile and adopt appropriate policies	Progress made with the adoption of HR policies	HR Policies reviewed by the DBSA					DCS	100%	There are currently draft policies which are awaiting Council approval these include the overtime policy; recruitment policy.
			% of approved posts filled overall and per department	6%	80%	N/A	N/A	80%	DCS	0	Due to financial constraints Council took a decision to not fill positions for this financial year these include the Senior Manager CS and Project Coordinator and Street sweepers
	Committee Administration	To ensure that all agendas are distributed timeously as per Council's standing rules of orders	% of agendas sent out in terms of standing rules of order	100%	100%	100%	100%	100%	DCS	100%	All agendas were sent to the councillors timeously, it must be noted that due to governance issues there were more Special Council meetings which need only 48 hrs notice
	Communication Policy/Strategy	The development of a municipal communication policy and plan by 2008.	Adoption by Council of communication policy and plan	Established plan	N/A	Council adopts plan	N/A	N/A	DCS	100%	The draft policy has been workshopped with Council and is awaiting its approval
	General administration	To comply with all relevant national and provincial guidelines in dealing with all Council records	Extent of compliance of Council's registry with guidelines from National Archives	Zero-System	N/A	Fully, functional automated archive system	N/A	N/A	DCS	100%	The Digidata system was installed successfully but there were several user challenges
	IT	To integrate Council's IT systems	Progress made with the integration of Council's IT system		N/A	To conclude protocol with AMD on the level of service	N/A	N/A	DCS	100%	Te IT was intergrated successfully with the assistance of Amajuba and Project Consolidate and the service level agreement was concluded

	Legal Services	To review all existing bylaws and to compile a municipal code	Progress made with the review of all bylaws and the compilation of a municipal code	Adopted by-laws (2007/2008)	N/A	N/A	50% Reviewal of by-laws	N/A	DCS	50%	The property rates bylaw and policy were workhopped and promulgated successfully
	Policies	To develop policies and procedures for the municipality	Development and adoption of policies as per prioritized list	DBSA assisted with reviewal of 20 policies)	N/A	N/A	N/A	N/A	DCS	100%	A number of policies were reviewed and developed with the assistance of the Municipal Expert those include the Delegation Framework; Standing Rules; Recruitment Policy etc
	EEP	To implement the Employment Equity Plan of the municipality	EE Plan reviewed and updated annually	A reviewed EEP for 2008/2009					DCS	100%	The Employment Equity Plan was reviewed and updated annually
	WSP	To develop and implement the Workplace Skills Plan by 2008	% of Emadlangeni Municipality's budget that has been spent on implementing the workplace skills plan	1%	N/A	0,50%	0,50%	N/A	DCS	100%	The entire training budget was exhausted due to the implementation of the wsp, also HODs and other Finance staff underwent the CPMD training funded by National Treasury
		To develop and implement the Workplace Skills Plan by 2008	WPSP compiled and adopted by Council	Adopted 2008/2009 WSP	N/A	N/A	N/A	N/A	DCS	100%	The wsp was compiled adopted by the Local Labour Forum

NATIONAL KPA	LOCAL KPA	STRATEGIC OBJECTIVE	PROPOSED KPI	BASELINE	TARGET				Resp. Official	Report	Comments
					2008/2009						
					Q1	Q2	Q3	Q4			

BBASICSERVICE DELIVERY	Disaster Management	To introduce preventative disaster management initiatives	Progress made with the adoption of a disaster management plan for Utrecht	Adopted plan 2004	NA	Review plan	N/A	N/A	DCS	50%	The plan was reviewed and workshopped to council, its awaiting approval
	Fire Protection	To protect property and life against fire damage	Rand value of property lost through fire	R800 000,00	10%	10%	10%	10%	DCS	0	No council property was lost through fire
			Number of volunteers that underwent both first aid and fire level 1	1	2	2	2	2	DCS	0	There have been several delays from the District Municipality regarding training of volunteers, this is yet to be resolved.
			Number of volunteers available	2	8	N/A	N/A	2	DCS	2	There have been several delays from the District Municipality regarding training of volunteers, this is yet to be resolved.
	Public Safety	To ensure the enforcement of bylaws	% decrease in the contraventions of bylaws	100	5%	5%	5%	5%	DCS	Over 5 %	There were nly 6 contreventions of the bylaws recorded for the year
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Security	To safeguard all Council property	Rand value of Council assets stolen	R89 913,86	10%	10%	10%	10%	DCS	Below 1%	The only item that was reported to the SAPS as stolen this financial year was the Corporate Services Laptop which costs R6500
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Testing Station	To test and issue licences	Number of licences issued	740	185	185	185	185	DCS	540	The Emadlangen licencng authority is becoming very popular we over exceeded on the target set

	Licensing	To ensure that all vehicles are licensed	Number of unlicensed vehicles prosecuted	30	5	5	5	5	DCS	10	We over exceeded our target even with the shortage of qualified traffic officers
BASIC SERVICE DELIVERY	Traffic Control	To promote road safety and education	% decrease/increase in traffic accidents	20	5%	5%	5%	5%	DCS	5% decreases	The traffic officers have been very visible to the public resulting in a steady decline of traffic incidents
			Number of scholar patrols supported	3	3	N/A	N/A	N/A	DCS	1	There were challenges in replacing scholar patrols
	Facilities and halls	To provide, manage and maintain Council facilities and halls	Number of applications for use of Council facilities declined	5	0	0	0	0	DCS	1	Only 1 application was denied for the year
	Libraries	To deliver effective, efficient and sustainable library service in accordance with the needs of the community	Rand value of books lost, stolen or not returned	R123,00	15%	15%	15%	5	DCS	R150	There was an increase in the rand value of books lost
			Number of items issued by libraries						DCS	908	The library is very popular and has had a steady increase in usage
	Museum	To deliver effective, efficient and sustainable museum service in accordance with the needs of the community	Number of visitors to the Utrecht museum						DCS		The Utrecht library is increasingly becoming popular
	Liquor and food outlets	To comply with the requirements of Business Act	Number of business licences issued	Ongoing	Quarterly reports	Quarterly reports	Quarterly reports	Quarterly reports	DCS	0	There were no business licenses issued in the year

## Disaster management

The disaster management plan was prepared by Amajuba District Municipality and it is prepared to help:

- Anticipate the types of disasters that are most likely to occur in our area of jurisdiction
- Identify the preventative strategies to deal with any possible disaster
- Provide essential training in skills and to promote awareness and preparedness in respect of the occurrence of disasters, and
- Plan in advance the relief operations that may be required to be exercised in disaster situations.

Below is a list of the incidents that took place under the year reviewed:

<b>Surname</b>	<b>Names</b>	<b>ID Number</b>	<b>Place</b>	<b>Type of Damage</b>
Mntambo (Xaba)	Celumusa Martina	690812 0704 083	Cliff-Fontein	2 x Thatched roof mud houses and 1 x corrugated iron roof mud house burnt. Grocery, clothes, blankets and 2 x calves burnt.
Thabede (Msane)	Ntombi Gladys	521018 0409 088	Wag-a-Pietjie Hoek	4 x Thatched roof mud houses, 3 x beds, 4 x cupboards, 2 x tables, cooking utensils and pots
Masondo (Majola)	Makhosazana Regina	520911 0648 088	Kleinfontein	1 Mud house burnt, chickens hok burnt. 3 x chickens burnt and eggs. 1 x bed, blankets, clothes, food and mieliemeel all burned.
Xaba (Ntshali)	Thulisiwe Maria	660720 0849 087	Wag-a-Pietjie	13 x Thatched roof mud house burnt down and walls fell down. 4 x Wardrobes, 10 x chairs, 5 x tablets, 8 x beds, 3 x kitchen units, ± 100 blankets, 2 x coal stoves, 2 x bicycles, 6 x pots, 3 x kists, 90 x amacansi, 3 x carpets, school uniform,



				<p>clothing, school books, 4 x goats, 2 x cows, 2 x dogs, groceries, 4 x chickens and 6 x sofas.</p> <p>From the 13 houses mentioned above, nothing came out, all was burnt down to ash.</p>
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<b>Surname</b>	<b>Names</b>	<b>ID Number</b>	<b>Place</b>	<b>Type of Damage</b>
Luvuno	Nomthandazo Christin	360810 0197 083	Swartkop	3 x Thatched roof mud houses. 2 x beds, wardrobe, grocery, 2 x chairs, 20 x bales, blankets, 2 x goats and school uniform.
Nkosi	Phindile Cecilia	480519 0644 086	Vaalbank 2	10 x bales burnt
Zikalala	Witnes	510317 0336 082	Vaalbank 1	7 x Sheep, 1 x cow, 1 x shack, school uniform, 2 x kists, 2 x sawing machine, 1 x bed, 1 x cupboard, 4 x blankets and clothes burnt.
Khumalo	Ntombi Ettie	211027 0095 081	Vaalbank 2	1 x Thatched roof blocks holds, 1 x gas stove, 1 x ¾ bed, 2 x washing bowls, 1 x paraffin heater, 1 x kist, clothes and izinkamba x 5 burnt.
Alexander	Lindiwe Irene	451210 0422 088	Vaalbank 2	2 x pigs and 2 chickens burnt
Ngwekazi	Mandla Patrick	590219 5253 085	Vaalbank 2	2 x chicken burnt and he (Mandla) was hurt by fire. But its not that bad. He just needed some medication.
Nkosi	Phumzile	600614 0670 085	Vaalbank 1	12 x cows burnt.
Seme	Zwelinzima	250403 6122 083	Vaalbank 1	1 x cow burnt.
Ngcobo	Joseph	400519 5222 083	Vredefontein	1 x cow burnt.
Khenyeza	Thokozile	450824 0346 088	Vaalbank 1	4 x cows burnt.

Surname	Names	ID Number	Place	Type of Damage
Khumalo	Siphiwe Ambrose	300327 5167 089	Stormlaagte	4 x Chickens & 3 x Amagalikhun burnt.
Hadebe	Fana	1948	Stormlaagte	1 x Shack, bicycle, blankets, 1 x bed, pots and clothes burnt.

Farm Name	Grazing Ha	Owners Name	
Stormlaagte	± 700	Inkosi Khumalo	7 x Families stock/cattle that use or graze on that farm which is completely burnt.

## Budget and Treasury Office

### Revenue Raising Strategy

As a step in the journey towards financial sustainability the Emadlangeni local municipality has identified activities deemed essential to a tailor-made, comprehensive and viable revenue raising strategy:

- Explore investments to the maximum and earn maximum interests.
- Develop and implement the incentive schemes to attract more investors.
- Explore tourism markets with an effort to increase revenue base of the municipality.
- Maintain effective debt collection system.
- Timeously implement the new valuation roll to cover the municipality (raising of property rate)
- Administer investment portfolio in such a manner to secure maximum returns
- Review indigent applications on regular basis to ensure that they still qualify for support.
- Appoint/ nominate individuals to obtain alternate sources of funding.
- Use the data gathered through the Base Line Data Study to lobby for greater Equitable Share and Grant funding.
- Utilize Sector Plans to raise funds from the respective Sector Departments.

There are four strategic pillars that are key constituents to revenue enhancement, namely:

- ❖ **Increasing revenue base**
- ❖ **Improve payment Level**
- ❖ **Optimize service delivery Cost**
- ❖ **Establish an environment that encourages development, growth and service delivery**

The current financial system does not assist the municipality in achieving financial excellence objectives. The following quandaries have been found on the system;

- The system is DOS based and cannot produce report user-friendly enough for presentation to council. Integration with other window based system might pose challenges.
- The modules on the system are outdated and require upgrading.
- The Ledger Account on the system is not based on the current Legislative and Financial practices.
- There is no Audit Trail to trace history of transactions executed on the system.
- There is still lot of manual intervention which might lead to inaccuracy.
- Most reporting is still done through Excel by manually pulling data from the Current Financial System.
- Data integrity is not reinforced on the system, e.g. the system cannot detect incorrect meter readings.
- Banking reconciliation is done manually on the system. The system should be able interface with the Bank system to download bank statement for reconciliation.
- Debtor's reconciliation cannot be performed on the system.
- The system should be able to produce debts and income reports by wards, service points etc.
- Insufficient data on Debtors, e.g., the system does into produce reports that list largest debtors.

The list below outlines some of the Financial Indicators that needs to be incorporated in the billing balanced scorecard to measure the effectiveness and efficiency of our billing process.

- **Sales Collected** – Revenue collected
- **Billability Factor** – Current and Potential, indicates the revenue base and its potential
- **Collection Ratio** – revenue to billed ratio
- **Cost Coverage Ratio** – revenue to cost of sale
- **Grant Dependency Factor** – the ability of the municipality to expand its Budget size
- **Billing Efficiency** – amount received / (cost of service delivery + debt + debt collection costs)
- **No of Indigence receiving free basic services**
- **Average debtors collection period**
- **Current ratios** – ability to pay short-term obligations
- **Customer satisfaction Index** – Service delivery excellence
- **Number of Complaints** - Service delivery excellence
- **Irrecoverable debts: Sales ratio**
- **Debts: Sales ratio**
- **Operating Margin**
- **Return on Total Assets**
- **No Billing Queries** – Zero audit query tolerance
- **Number of defaulters** - Ideally we would like to manage credit control process to minimize defaulters
- **Customer complaint turnover times**

## Engineering Services Departmental Scorecard

<u>Legislative KPA</u>	<u>Local KPAs</u>	<u>OBJECTIVE</u>	<u>KPI'S</u>	<u>BASELINE</u>	<u>TARGETS</u>				<u>RESP OFFICIAL</u>	<u>Report</u>
					<u>2008/2009</u>					<u>15-Jul-09</u>
					<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>		-
BASIC SERVICE DELIVERY	Building control	To provide efficient and effective building control services	1.Number of building plans approved	10	6	6	2	1	Director Engineering Services	17 Building plans was approved
	Cemetery	To establish, conduct and control cemeteries and burials	2.Number of burial plots still available in cemeteries	301	17	17	795	795	Director Engineering Services	There is the following grave sites available: 795 It must be noted that the new graveyard was registered.
	FREE BASIC SERVICES	To facilitate the provision of free basic services to indigent households	3.% Households, earning less than R1100 per month, who receive free basic water provision	Customers as per Indigent register. Amajuba rudimentary water delivery schedule.	1511	1511	1511	1511	Director Engineering Services	Currently all metered residential consumers receive 6 KL of water free(911). In the rural areas a estimated 600 house holds gets water delivered on a weekly basis to Yoyo tanks.Total 1511

		4.% Households, earning less than R1100 per month, who could receive free basic electricity	Customers as per Indigent register	0	0	0	1326	Director Engineering Services	There is 320 consumers on the indigent register as of 01 July 2009 they will receive 50 kWh free, as a consultant was appointed under MAP to fix the indigent register. Budget provision was also made 09 /10 In the rural areas a further 415 connections was made bringing the total to 1326
Customer satisfaction	To ensure client satisfaction	5.Number of complaints received and responded to	312	30	30	33	30	Engineering Secretary	Only 131 complaints was received .
Electricity	To provide a basic level of electricity to all households	6.Number of households in Utrecht licensed area with access to a basic level of service where the Municipality is the supplier	911	911	911	911	911	Deputy Manager Engineering Services	Households with basic service. 911 as per valuation roll summary

	To provide a basic level of electricity to all households	7.Number of households in Utrecht with access to a basic level of service where Eskom is the supplier	315	315	315	315	315	Director Engineering Services	315 rural connections made.
	To supply electricity in our license area within the laws and regulations	8. Extent of compliance with electricity laws and regulations as reported in the annual report to the NERSA	D/Form submitted	n/a	n/a	n/a	D-Form submission <b>New tariffs approved.</b>	Director Engineering Services	D/Form was submitted to NER and licence issued, for 2008,the new tariffs was approved.

## Performance of departmental functions and backlogs

### Electrical Services

The customer of the Emadlangeni Municipality is serviced by the municipality itself in the town area of Utrecht and by Eskom in the rural areas.

In the service with a relatively old network. There are 911 customers.

Eskom has received funding from DME for the electrification of the rural area under the Amanthungwa Trust and currently 415 houses has been electrified.

In some of the other rural areas, the land reform project and settlements are still in their settlement phase and planning is still been done on the existing backlogs for grid and non grid electrification.

The estimated households in Emadlangeni including “umusi” on farms are 14363.

The backlog is an estimated 82 %

### **Community Services**

The operations of a Game Park and Caravan Park is going well in Utrecht and attracts a lot of visitors that stimulates the local economy with direct and indirect advantages to the Municipality. Emadlangeni Municipality also supports the local Museum.

### **Civil services**

#### **Building regulation / Town Planning and control / Municipal Buildings**

These functions are performed by the office of the Manager Engineering Services with support from external service providers when the need arise.

The provision of the above services especially in the rural areas is referred to the DTLGA to assist with establishment of shared services agreements.

#### **Municipal Airport / Storm water/ Burial of animals / Fencing and fences / Municipal roads / Refuse Site / Road Marking and roads signs**

All these functions are performed by the Department of Public Works.

Roads are maintained by resurfacing of existing blacktop roads, regraveling and/or grading of existing gravel roads utilizing an internal budget. This budget is very restricted.

The blacktop roads resurfacing backlog is still 98 %.

Upgrades to rural roads is currently been constructed under various MIG projects and this backlog is reduced considerably on an annual basis.



The rural roads backlog is however still 85 %.

**Cemeteries and Funeral Parlors / Cleansing services / local amenities /sports facilities / parks and Recreation / Refuse removal / Public places**

All these functions are performed by the department of Parks and Gardens and the services have been running at a satisfactory rate with some complaints on cutting of grass and some excellence at cemeteries.

Service delivery is limited because of the municipalities' cash flow constraints and limited rates base.

Business plans have been submitted for approval on the Municipal Infrastructure Grant for the construction and rehabilitation of sports facilities.

The backlog on sports facilities is 50%

The backlog on the levelling of soccer fields at rural schools is 100%

The backlog on refuse removal is an estimated 58%.

**Potable Water and Sanitation function**

The above functions do not relate directly to the Emadlangeni Local Municipality as Amajuba District Municipality is this Service authority and the service provider is a municipal entity Uthukela Water.

Provision is made for local residents to contact the Service Provider, UThukela Water with complaints, water leaks, block drains, new water connections extra at the different reception offices of the Municipality.

This service is mostly for indigent people who do not have transport or money to phone.

Liaison with the service provider and the water authority on development projects and IDP needs is also done, via official structures and forums, water services development plans and on ground level.

There is a large back log on both these services.

The only service currently rendered in rural areas is some boreholes and water delivered by truck to yoyo tanks.

The detailed back logs can be obtained from Amajuba District Municipality.

We estimate +-88%

## **Housing Projects**

1. Khayaletu special housing project.

The Municipality is in negotiation with the Provincial Department of Housing to register a special housing project for the formalization of the Khayaletu Mine Village. This would entail the Township establishment with individual Title Deeds for 60 existing houses, a shop, a school and 30 new houses. (Previously the married quarters of the Cangra mine group)

2. Goedehoop Extension 2 Low Income Housing Project

Conditional approval has been obtained from the Provincial Department of Housing to establish a further 330 to 390 low cost housing stands, as a extension of the completed 150 low income houses.

3. Medium and High Income Housing.

A joint venture agreement with an implementing agent was concluded to establish a further 250 to 400 medium income stands and, +/- 250 high income stands, on the peripherals of the existing town of Utrecht to ensure the enhancement of further development and a larger rates base.

As this will all be Greenfield projects the implementing agents is currently preparing the relevant DFA applications.

**In total the Municipality is planning to establish +\_ 440 low income housing and +- 900 new stands.**

The current housing back log is 800 applications on the informal waiting list.

The waiting list will only be formalised when the applicants has been screened in the provincial housing data base.

## **Challenges**

### **Backlog in Service Provision in Rural areas**

Studies done in the Emadlangeni area as well as census figures indicate very high backlogs on service provision for water, sanitation, electricity, refuse removal, housing delivery, cell phone reception and TV coverage.

In the current valuation roll the Municipality have

: 911 residential properties with a house hold count of 1732 and

: 1429 Agricultural Properties of which 401 is already transferred as Land Reform with a house hold count of 12631 better known as farms.

: 54 Business and commercial properties.

An estimated 60 % of the agricultural land is either under land reform or is already transferred to beneficiaries.

93% of the 3538km<sup>2</sup> area of KZ 253 Emadlangeni Municipality is commercial or land reform farms and ± 24968 of the total estimated 32277 population stay on the farms.

A 95% backlog is estimated on all services on this private land (land reform and commercial farms).

The houses on the farms are sparsely situated with an average distance of up to 5km apart.

The distance between households and private ownership complicates service delivery.

Emadlangeni Bulk Pipeline: Progress Report

**Action to eradicate backlogs:**

- The Implementation of the Amajuba District Household Sanitation project
- **eMadlangeni Local Municipality:**

- Estimated households to be served : 4312 @ R23 Mill
- Population to be served: 27885
- Status : Planning Stage ,awaiting water feasibility study .
- Estimated costs as per DWAF Guideline: R4500 per unit
- R11 M for Inflation over the next 5 Financial years

## APPOINTMENT OF CONSULTANTS

In the year under review the supply chain management unit appointed the following consultants.

List of Consultants and paid less than R10 000

No.	Consultant	Type of Project	Contract Value
20562	P and N Environmental	Management of Game Park	R 8,758.00
20621	P and N Environmental	Management of Game Park	R 8,758.00
20671	Keewave Trading 145 cc	Electronic Document Management System	R 9,900.00
20673	P and N Environmental	Management of Game Park	R 8,758.00
13	P and N Environmental	Management of Game Park	R 8,758.00
65	P and N Environmental	Management of Game Park	R 8, 758.00
92	P and N Environmental	Management of Game Park	R 8, 758.00
105	Fujutsu	Financial System	R 3,610.82
20838	P and N Environmental	Management of Game Park	R 8, 758.00
119	Fujutsu	Financial System	R 3, 610.00
174	P and N Environmental	Management of Game Park	R 8,758.00
180	P and N Environmental	Management of Game Park	R 8,758.00
255	P and N Environmental	Management of Game Park	R 8,758.00
374	Fujutsu	Financial System	R 3,610.82
<b>TOTAL EXPENDITURE</b>			<b>R 108,312.46</b>

List of Consultants paid more than R10 000 but less than R100 000

No.	Consultant	Type of Project	Contract Value
20544	Indwe risk	Short term insurance	R 39,000.00
20585	Keewave Trading 145cc	Eletronic Document Management System	R 62,993.00
20605	Fujutsu	Financial system	R 35,776.75
18	Sabalala Consulting	Disaster management strategy review / plan	R 39,900.00
27	Helicon	Game Park Counting	R 46,170.00
34	Amandla consultant	Employment Equity	R 69,300.00
91	Guarantee trust	Bank reconciliation	R 39,187.50
20878	Indhlovu dev. Consultant	Supply of sand at Vaal Bank	R 23,400.00
156	Mawande umusa	Training of ward committee	R 94,380.00
172	Madayeni consulting	VAT recovery & PAYE, UIF & SDL review	R 34,912.50
179	Madayeni consulting	VAT recovery & PAYE, UIF & SDL review	R 34,912.50
245	LD consulting	Debt collection strategy & indigent registration	R 71,863.00
247	Sabalala Consulting	Disaster management strategy reviw / plan	R 19,380.00
260	HSK Simpson and partners	Municipal Rates valuation	R 51,432.50
267	Enrst and Young	Internal Audit	R 91,200.00
269	Iziko Capacity Building	Municipal Governance & Administration Expert	R 78,936.00
21001	Mabu Management	Revenue raising strategy development	R 20,900.00
283	HSK Simpson and partners	Municipal Rates valuation	R 66,289.52
305	HSK Simpson and partners	Municipal Rates valuation	R 51,432.50
341	Iziko Capacity Building	Municipal Governance & Administration Expert	R 78,936.00
342	Shaba Glenda	Golf T- shirt & track jacket	R 14,000.00
349	Iziko Capacity Building	Municipal Governance & Administration Expert	R 78,936.00
350	HSK Simpson and partners	Municipal Rates valuation	R 51,432.50
<b>TOTAL EXPENDITURE</b>			R 1,194,670.27

List of Consultants paid more than R100 000 but less than R10,m.

<b>No.</b>	<b>Consultant</b>	<b>Type of Project</b>	<b>Contract Value</b>
20557	HSK Simpson & partners	Municipal Rates valuation	R 551,902.50
12	HSK Simpson & partners	Municipal Rates valuation	R 102,865.00
16	LD Consulting	Debt collection strategy & indigent registration	R 105,567.00
29	Keewave Trading 145cc	Eletronic Document Management System	R 287,007.00
69	LD Consulting	Debt collection strategy & indigent registration	R 172,570.00
79	Mabu management	Revenue raising strategy development	R 124,000.00
155	Vantage holdings	Perfomance Management system	R 171,000.00
275	KPMG	Internal Audit	R 164,369.67
<b>TOTAL EXPENDITURE</b>			R 1,679,281.17

# CHAPTER 4

## AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

### INCOME RECEIVED

#### *Grants and Subsidies*

The following grants/subsidies were received during the year under review.

<b>Government Grants &amp; Subsidies - Allocations</b>	<b>2007/2008</b>	<b>2008/2009</b>
<b>National Grants Allocations</b>		
Equitable Share	R 4 784 998	R 6 039 629
Integration of Reds	R 0	R 150 000
Financial Management Grant	R 50 00	R 500 000
Municipal Systems Improvement Grant 2008/09 – carry over	R 367 000	R 0
Municipal Systems Improvement Grant 2008/09	R 0	R 735 000
Municipal Infrastructure Grant	R 0	R 3 775 970
<b>Sub Total – National Grant Allocations</b>	<b>R 5 651 998</b>	<b>R11 200 599</b>

<b>Government Grants &amp; Subsidies - Allocations</b>	<b>2007/2008</b>	<b>2008/2009</b>
<b>Provincial Grant Allocations</b>		
Valuation Roll (Carried over of	R 1 485 130	R 880 000
MAP Grant – Carried over	R 173 329	R 2 000 000
Financial Management Systems – carried over	R 0	R 1 500 000
Kingsley Development Plan – carried over	R 169 740	R 174 000
Environmental Health	R 0	R 0
Sport field – indirect grant	R 0	R 0
<b>Sub Total – Provincial Grant Allocations</b>	<b>R 1 828 199</b>	<b>R 4 554 000</b>
<b>Total – Grant Allocations</b>	<b>R 1 828 199</b>	<b>R 4 554 000</b>



## OPERATING INCOME

Income	2006/2007	2007/2008	2008/2009
Electricity Sales	R 3 687 814	R 4 733 456	R 5 450 974
Rates & Taxes	R 859 667	R 2 217 143	R 2 551 603
Rentals	R 199 151	R 221 210	R 319 280
Other Income	R 7 278 017	R 3 030 484	R 4 349 548

## MUNICIPAL EXPENDITURE, LOANS, LOSSES AND INVESTMENTS

### EXPENDITURE

The major expenditure categories for Emadlangeni Local Municipality are set out in the table below:

#### Operating and Capital Expenditure

Expenditure Items	2007/2008	2008/2009
Salaries & Allowance	R 9 517 243	R 9 816 420
General Expenditure	R 8 774 265	R 8 048 528
Repairs and Maintenance	R 584 638	R 821 227
Capital Charges	R 0	R 1 080 587
Contribution to Fixed Assets	R 2 556 895	R 0
Contribution to Special Fund	R 0	R 757 715
Projects	R 0	R60 000

## INVESTMENTS, LOANS AND LOSSES

Investment Name	Balance 01/7/2008	Balance 30/06/2009
<b>Standard Bank</b>		
Anti Corruption Strategy	54,659.88	(0.00)
Community Game Park & Wildlife	66,859.02	-
Dev. Admin. Build. Grant	10,513.64	0.00
Finance Management Grant	396,997.48	173,300.20
Grant Capacity Building	13,872.70	0.00

Investment Name	Balance 01/7/2008	Balance 30/06/2009
Inter-departmental Monitoring	5,901.00	0.00
Inter-departmental Monitoring Grant	11,956.93	(0.00)
Land Use Management	5,661.51	(0.00)
Land Use Management System	-	-
Local Development Planning	1,753.50	1,839.93
Management Assistant Programme	0	761,181.56
MSIG	1,941,954.00	1,653,914.14
Mun. Fin. Man. Act Impl. Grant	-	-
Mun. Dev. Info. Systems Support Grant	34,590.96	(0.00)
Municipal Finance Management Act	1,025,971.43	324,331.55
Municipal Systems Improvement	14,302.54	(0.00)
Municipal Systems Investment Grant	327,480.39	11,366.05
Performance Management Grant	119,855.36	130,217.69
Property Rates Act	21,680.22	(0.00)
Repair of 376 houses	3,827,822.76	4,210,673.41
Spatial Planning Grant	57,648.58	62,028.53
Specific Programmes Support	197,644.26	0.00
Valuation Roll Grant	23,085.48	(0.00)
Municipal Infrastructure Grant	-	493,591.97
Emadlangeni Municipality Investment	-	300,000.00
<b>Total</b>	<b>8,160,211.64</b>	<b>8,122,445.03</b>

## External Loans

Loan	Type	Interest Rate	2007/2008 Balance	2008/2009 Balance
DBSA Loan	Long term (New Municipal Offices)	10,81%	R 1 125 535,75	R 1 098 773

# CHAPTER 5

## REPORT OF THE AUDIT COMMITTEE

The Municipality IS currently sharing the Performance Audit Committee with the District Municipality of Amajuba in the period under review. There was no internal audit done in the period under review and it hasn't been corrected. The Audit Committee for 2008/2009 is composed of the following members:

Mrs Corrie van der Merwe - Chairperson

Mr Nhlanhla Buthelezi

Ms Lindiwe Ndlozi (Graduate)

Mr Sifiso Shongwe (Graduate)

Mr Yusuf Latiff

**ANNEXURE A**  
**AUDITED ANNUAL FINANCIAL STATEMENTS 2008/2009**

**EMADLANGENI LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS AS**

**AT**

**30 JUNE 2009**

EMADLANGENI MUNICIPALITY

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## **GENERAL INFORMATION**

### **MEMBERS OF THE COUNCIL**

Cllr. ME Khoza

Cllr. VS Ntshangase

Cllr. JC Msibi

Cllr. A Nene

Cllr. BC Mabsao

Cllr. LJ Vundla

Cllr. SB Harber

Total Number of Councillors: 7

### **GRADING OF THE LOCAL AUTHORITY**

Grade 2

### **AUDITORS**

Auditor General –Kwa Zulu-Natal

### **BANKERS**

Standard Bank of South Africa

### **REGISTERED OFFICE**

Civic Centre

34 Voor Street

PO Box 11

Utrecht

Telephone: 034 331 3041

Facsimile: 034 331 4312

## **APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on page 1 to 30 were approved by the Municipal Manager, the Acting Chief Financial Officer and the Municipal Mayor on

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**MUNICIPAL MANAGER**

**Mr V. M. Kubheka**

.....

**ACTING CHIEF FINANCIAL OFFICER**

**Mr S. Keats**

## MAYOR'S FOREWARD

For the 2008/2009 financial year though having been deprived of services that generated some funds to our Council, we need to implement steps to improve performance in the next year.

The quality of service delivery at affordable tariffs is once again of prime importance to Council, though tariffs may have been raised, but not to the point that our customers will suffer.

I would like to express my appreciation to the Councilors, Head of Departments, Officials and all employees of Council for the support, co-operation and dedication for the hard work done in the 2008/2009 financial year.

ACTING MAYOR

COUNCILLOR: B.C. MABASO

## **REPORT OF THE AUDITOR-GENERAL**

The financial statements have not been audited yet, the Auditor-General's Report will only be included once the annual financial statements have been audited.

## TREASURER'S REPORT

### 1) GENERAL REVIEW

For the period under review, the expenditure incurred exceeded the total income received.

### 2) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices C and D. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2009 are as follows:

<b>INCOME &amp; EXPENDITURE</b>	<i>Actual 2007/08 R</i>	<i>Actual 2008/09 R</i>	<i>Variance Actual 07/08 vs 08/09 %</i>	<i>Budget 2008/09 R</i>	<i>Variance Actual/ Budget %</i>
Operating income for the Year	23 096 999	20 134 590	(13)	26 038 981	(23)
Operating Expenditure	21 443 041	20 524 477	(4)	26 038 981	(21)
Surplus/(deficit) at year end	1 653 958	(389 887)	(124)	-	

2.1) *RATE AND GENERAL SERVICES*

<b>INCOME</b>	<i>Actual</i> <i>2007/08</i> <i>R</i>	<i>Actual</i> <i>2008/09</i> <i>R</i>	<i>Variance</i> <i>Actual</i> <i>07/08 vs</i> <i>08/09</i> <i>%</i>	<i>Budget</i> <i>2008/09</i> <i>R</i>	<i>Variance</i> <i>Actual/</i> <i>Budget</i> <i>%</i>
Income	18 354 462	14 674 669	(20)	21 060 466	(30)
Expenditure	17 527 824	16 956 790	(3)	21 161 991	(20)
Surplus/(deficit)	826 638	(2 282 121)	(376)	(101 525)	
Surplus/(deficit) as % of					
Total Income	5	(16)		(0.5)	

3) *CAPITAL EXPENDITURE AND FINANCING*

Capital assets purchased during the period amounted to R3 969 467. These assets were funded by Grants.

4) *INVESTMENTS AND CASH*

Investments amounted to R8 130 675 at 30 June 2009.

A favourable bank balance at 30 June 2009 amounted to R210 732.

Further information regarding investments and cash are disclosed in notes 5 & 26 to the annual financial statements respectively.

## **TREASURER'S REPORT (Continued)**

### **5) FUNDS AND RESERVES**

There were unspent grants at 30 June 2009. There were also new grants received during the financial period.

More information regarding funds and reserves is disclosed in note 2 and appendix A to the annual financial statements.

### **6) POST BALANCE SHEET EVENTS**

There are no material post balance sheet events.

### **EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, Councillors, the Municipal Manager and Heads of Departments for their support during the past year.

\_\_\_\_\_  
**ACTING CHIEF FINANCIAL OFFICER**

Mr S. Keats

Emadlangeni Municipality

DATE:  
\_\_\_\_\_

## ACCOUNTING POLICIES

### 1) BASIS OF PRESENTATION

1.1 These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1997) and Report on the Standardisation of the Financial Statements of Local Authorities (2nd Edition, January 1996).

1.2 The Financial Statements are prepared on the historical cost basis, adjusted for capital expenditure.

The Accounting Policies are consistent with those applied in the previous year, except if otherwise indicated.

Fundamental errors identified have been adjusted for and prior year restated where applicable .

1.3 The Financial Statements are prepared on the accrual basis as stated:

- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and business licenses.
- Expenditure is accrued in the year that it is incurred.

### 2) CONSOLIDATION

The Balance sheet includes Statutory Funds, Reserves and Provisions. All inter departmental charges if any, are set-off against each other, with the exception of Assessment Rates and Refuse Removal which are treated as income and expenditure in their respective Departments.

### 3) FIXED ASSETS

3.1 *Fixed Assets are stated:*

- at historical cost, or
- at valuation (based on market price at date of acquisition), where assets have been acquired by Grant or Donation, while they exist and serviceable, except in the case of bulk assets, which are written off at the end of their estimated life, as determined by the Treasurer.

3.2 *Depreciation*

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the Balance Sheet is tantamount to a provision for Depreciation. Apart from Advances from the various Council Funds, assets may also be acquired through:

- appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation



- grants and donations, where the amount representing the value of such grant or donation is immediately credited to the “Loans Redeemed and Other Capital Receipts” account.
- 3.3 All net proceeds from the sale of fixed assets are credited to the Capital Development Fund.
- 3.4 Loans and advances are repaid over the estimated useful life of the asset which is financed from such loan or advances. Advances are redeemed according to the annuity method and commence in the year which follows the financial year in which the advance was made. Interest is charged to the service concerned at the ruling interest rate applicable at the time the loan was negotiated or in the case of advances, at the interest rate as determined by the Council in terms of Section 103 of Local Authorities Ordinance, Natal (25 of 1974).

## ACCOUNTING POLICIES (Continued)

3.5 It is also Council's policy that:

- All obsolete assets be disposed of in accordance with section 189 of the Local Authorities Ordinance No 25 of 1974
- Each department control all moveable assets by way of inventories for each office.
- Each department to perform an inventory check on a quarterly basis during each financial year. Copies of inventories as well as surpluses, shortages and obsolete assets found to be submitted to Department Financial Services for reporting and control purposes.

### 4) **STOCK**

Stock is valued at the lower cost, determined on weighted average basis and net realizable value. Stock that is surplus or in deficit at the year end stocktaking is brought to account when the council resolves to write-off deficits and approves surpluses.

### 5) **FUNDS AND RESERVES**

#### 5.1 *CAPITAL DEVELOPMENT FUND (CDF)*

The Capital Development Fund (Local Authorities Ordinance No.25 of 1974) requires that local authority makes a minimum contribution of 3% of its defined income from the current financial year to the fund. Advances are made to borrowing services at an interest rate which is determined annually and approved by council.

#### 5.2 *PUBLIC IMPROVEMENT FUND (PIF)*

In terms of section 80(3)(iv) of the Local Authorities Ordinance No.25 of 1974, the proceeds of any loans raised by council for the purchase of any immovable property contemplated in subparagraph (i), shall be paid into a fund to be called the Public Improvement Fund.

#### 5.3 *RESERVES AND PROVISIONS*

##### LEAVE PAY PROVISION

The Leave Pay Provision is to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year.

Appropriation is made on an annual basis from operating accounts on the basis of 65% of the total leave liability as at the date of preparing the budget for the ensuing financial year as well as taking into consideration any salary increases for the following year.

## GRANTS

All unspent grants are reflected under reserves.

## *HOUSING DEVELOPMENT RESERVE*

Appropriation is made on an annual basis from the operating account to the Housing Development Reserve in terms of the Housing Act 107 of 1997 with the objective of providing funds to meet the repairs and maintenance of the local council's housing scheme.

## *BAD DEBTS*

Appropriation is made on an annual basis from operating accounts to the Bad Debts Provision account for all outstanding for more than 120 days at the date of preparing the budget for the ensuing year less bad debts handed over to the attorneys for collection which are recoverable.

## **ACCOUNTING POLICIES (Continued)**

### **6) RETIREMENT BENEFITS**

It is the policy of the municipality to provide retirement benefits for its personnel. Current contributions are charged against the operating account at the rate of a fixed rate of the basic salary paid to employees.

### **7) SURPLUSES AND DEFICITS**

Accumulated surpluses reflect the residual of revenue against the sum of operating and capital expenditure reduced by any appropriations.

### **8) TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES**

The cost of internal support services are transferred to the different services in relation to the income generated by each service.

### **9) INVESTMENT**

Investments are in accordance with the provision of the Local Authorities Ordinance No.25 of 1974. Interest accrued at 30 June 2009 was brought to account.

### **10) INCOME RECOGNITION**

#### **10.1 ELECTRICITY BILLINGS**

Meters are read and billed on a monthly basis.

#### **10.2 ASSESSMENT RATES**

A general rate is levied on land and building values. Rebates are granted according to the use of the property, age of individuals and to industrial developers.

# EMADLANGENI MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2009

	<i>Note</i>	<i>2009</i>	<i>2008</i>
		<i>R</i>	<i>R</i>
<b>CAPITAL EMPLOYED</b>			
Funds and Reserves		18 929 671	26 061 162
Statutory Funds	1	12 863 690	11 967 822
Reserves	2	10 837 189	7 584 038
Accumulated (Deficit)/Surplus	16.1	(4 771 208)	6 509 302
Long Term Liabilities	3	1 154 871	1 184 762
Deposits	11	117 007	122 300
		<hr/>	<hr/>
		20 201 549	27 368 224
		<hr/>	<hr/>
<b>EMPLOYMENT OF CAPITAL</b>			
Fixed Assets	4	10 908 732	13 094 540
Investments	5	8 130 675	10 134 722
Long Term Debtors	6	174 215	216 100
		<hr/>	<hr/>
		19 213 622	23 445 362
Current Assets		2 952 675	7 183 575
Inventory	7	-	139 091
Debtors	8	2 706 875	1 372 869
Short term portion of long term debtors	6	31 968	21 056

Cash	26	213 832	5 650 558
Current Liabilities		1 964 748	3 260 714
Provisions	9	337 002	269 970
Creditors	10	1 493 559	2 717 477
Short term portion of long term liabilities	3	134 187	273 267
		20 201 549	27 368 223

# EMADLANGENI MUNICIPALITY

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

<i>2008</i>	<i>2008</i>	<i>2008</i>		<i>2009</i>	<i>2009</i>	<i>2009</i>	<i>Budget</i>
<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>		<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>	<i>Surplus/</i>
<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>		<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>	<i>(Deficit)</i>
<i>R</i>	<i>R</i>	<i>R</i>		<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
18 354 462	17 527 824	826 638	<b>RATES AND GENERAL SERVICES</b>	14 674 669	16 956 790	(2 282 121)	(101 525)
16 403 977	14 619 239	1 784 738	Community Services	11 847 919	13 363 095	(1 515 176)	775 863
248 969	1 231 425	(982 455)	Subsidised Services	339 675	1 759 031	(1 419 356)	(1 592 407)
1 701 515	1 677 160	24 355	Economic Services	2 487 075	1 834 664	652 411	715 019
9 091	2 637	6 454	<b>HOUSING SERVICES</b>	8 947	8 947	-	(225 789)

4 733 446	3 902 580	830 866	<b>TRADING SERVICES</b>	5 450 974	3 558 740	1 892 234	327 314
<u>23 096 999</u>	<u>21 433 041</u>	<u>1 663 958</u>	<b>TOTAL</b>	<u>20 134 590</u>	<u>20 524 477</u>	<u>(389 887)</u>	<u>-</u>
	5 460 596	Prior year Adjustments (refer to note 16.1)				(10 890 623)	
	<u>7 124 554</u>	Net Surplus/(Deficit) for the year				<u>(11 280 510)</u>	
	(615 252)	Accumulated surplus beginning of year				6 509 302	
	<u>6 509 302</u>	<b>ACCUMULATED SURPLUS/(DEFICIT) END OF YEAR</b>				<u>(4 771 208)</u>	



# EMADLANGENI MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	<i>Note</i>	<i>2009</i>	<i>2008</i>
		<i>R</i>	<i>R</i>
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		7 571 117	13 835 977
Cash generated from/(utilized in) operations	17	6 425 969	12 906 752
External interest income	13	11 072	-
(Increase)/decrease in working capital	18	(2 557 924)	929 245
		3 879 117	13 835 997
Less: external interest paid	13	(120 998)	-
<b>Cash available from operations</b>		3 758 119	13 835 997
Net cash contributions from the Public and State		3 812 998	-
Net proceeds on disposal of fixed assets		-	-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in Fixed Assets	4	(3 969 467)	(1 861 764)
<b>NET CASH UTILISED</b>		3 601 650	11 974 232
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/(decrease) in loans	19	(168 971)	(213 192)
(Increase)/decrease in cash investments	20	2 004 047	-
(Increase)/decrease in cash on hand and at bank	21	(5 436 726)	4 883 001
<b>NET CASH FLOW</b>		(3 601 650)	4 669 809

**EMADLANGENI MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009**

	2009	2008
	R	R
<b>1. STATUTORY FUNDS</b>		
Consolidated Capital Development Fund	6 106 791	5 252 881
Public Improvement Fund	6 756 899	6 714 941
Housing Operating Account	-	-
	<u>12 863 690</u>	<u>11 967 822</u>
(Refer to appendix A for further detail)		
<b>2. RESERVES</b>		
(Refer to appendix A for further detail)	<u>10 837 189</u>	<u>7 584 038</u>
<b>3. LONG TERM LIABILITIES</b>		
Annuity Loans	1 098 773	1 199 328
Other Long-term Loans: Chevrolet Finance Loan	60 639	71 467
Opel Corsa Loan	43 883	63 113
Tata Finance Loan	85 763	124 121
	<u>1 289 058</u>	<u>1 458 029</u>
Less: Current portion transferred to current liabilities	134 187	273 267
- Annuity Loan	28 006	147 707
- Chevrelot Finance Loan	26 271	32 638
- Opel Corsa Loan	27 039	31 469
- LPT Finance Loan	52 871	61 453

Total long term liabilities	1 154 871	1 184 762

Annuity loans bear interest at a rate of 10.81% per annum and will be fully redeemed on 31 December 2024. Account 06850094728, an investment totaling R308 191 has been ceded to DBSA for the annuity loan detailed above.

(Refer to appendix B for further detail)

#### 4. FIXED ASSETS

Fixed assets at beginning of year	30 798 585	28 936 821
Add: Biological Assets at beginning of year	1 611 113	-
Total Assets at beginning of year	32 409 698	28 936 821
Capital expenditure during the year	3 969 467	1 861 764
Biological asset expenditure during year	-	1 611 113
Add: Assets written off transferred or disposed of during year and prior year corrections	18 757 521	-
Total fixed assets	55 136 686	32 409 698
Less: Loans redeemed and other capital receipts	44 227 954	19 315 158
Net fixed assets	10 908 732	13 094 540

(Refer to appendix C for further detail)

#### 5. INVESTMENTS

Short Term Deposits	8 130 675	10 134 722
	8 130 675	10 134 722

# EMADLANGENI MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009	2008
	R	R
<b>6. LONG TERM DEBTORS</b>		
Capital Outlay: Part of 24	206 183	216 100
Staff Vehicle Loans	-	21 056
	<u>206 183</u>	<u>237 156</u>
Less: Short Term Portion of Long Term Debtors	31 968	21 056
	<u>174 215</u>	<u>216 100</u>
<b>7. INVENTORY</b>		
Inventory	<u>-</u>	<u>139 091</u>
<b>8. DEBTORS</b>		
Consumer Debtors	5 342 360	3 820 588
SARS – VAT	136 061	-
Short Term Portion of Long Term Debtors	-	21 056
Other Debtors	55 549	47 796
Sub Total	<u>5 533 970</u>	<u>3 889 440</u>
Less: Provision for Doubtful Debts	2 827 095	2 516 571
	<u>2 706 875</u>	<u>1 372 869</u>
<b>9. PROVISIONS</b>		
Leave (Refer to appendix A for more detail)	<u>337 002</u>	<u>269 970</u>

**10. CREDITORS**

Received in advance	453 311	579 352
Unidentified deposits	484 361	861 752
SARS – VAT	-	195 857
Trade Creditors	537 750	1 046 503
Sundry Deposits	18 137	34 014
	<hr/> 1 493 559 <hr/>	<hr/> 2 717 477 <hr/>

**11. DEPOSITS**

Consumer Deposits	117 007	122 300
	<hr/> 117 007 <hr/>	<hr/> 122 300 <hr/>

# EMADLANGENI MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009	2008
	R	R
<b>12. ASSESSMENT RATES</b>		
Rateable Properties	2 551 603	2 217 148
	<hr/>	<hr/>
Rateable Valuation as at 1 July 2008		
(Prior Year 1 July 2007)	58 447 678	58 445 078
	<hr/>	<hr/>

Valuations on land are due to be performed every five years. The last general valuation came into effect on 1 July 1996.

## 13. FINANCE TRANSACTIONS

Total external interest earned or paid:

Interest Earned	11 072	709 474
Interest Paid	120 998	-

Capital charges debited to operating account:

Interest	External	120 998	-
	Internal	479 818	-
Redemption	External	100 677	158 526
	Internal	379 094	-
		<hr/>	<hr/>
		1 080 587	158 526
		<hr/>	<hr/>

## 14. COUNCILLORS' REMUNERATION

Mayor's salary and allowances	269 313	206 488
Councillors' salary and allowances	908 574	722 590
Councillors' pension contributions	111 398	102 434
	<hr/> 1 289 285	<hr/> 1 031 512
<b>15. AUDITORS' REMUNERATION</b>		
Audit fees		
Current year	662 996	795 321
<b>16. APPROPRIATIONS</b>		
<b>16.1 Appropriation account/Accumulated surplus</b>		
Accumulated surplus at beginning of year	6 509 302	(615 252)
Operating surplus/(deficit) for the year	(389 887)	1 663 958
Appropriations for the year:		
Prior Year Adjustments	(10 890 623)	5 460 596
Accumulated surplus at end of year	<hr/> (4 771 208)	<hr/> 6 509 302
<b>16.2 Operating account</b>		
Capital expenditure	-	2 556 895
Contributions to:		
- Maintenance Reserves	62 258	558 825
- Capital Development Fund	356 221	-
- Leave Provision	152 904	-
- Provision for Doubtful Debts	310 524	2 065 104
	<hr/> 881 907	<hr/> 5 180 824
(Refer to Appendices A and D)		

# EMADLANGENI MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009	2008
	R	R
<b>17. CASH GENERATED FROM OPERATIONS</b>		
Surplus/(deficit) for the year	(389 887)	7 124 554
Adjustments in respect of:		
Previous year's operating transactions	4 766 725	727
Appropriations charged against income:	733 777	5 339 350
Consolidated Capital Development Fund	356 221	-
Provisions (non cash element)	377 556	2 623 929
Capital Expenditure	-	2 556 895
Capital charges:		
Interest paid to internal fund	479 818	-
Interest paid on external loans	120 998	-
Redemption of internal advances	379 094	-
Redemption of external loans	100 677	-
Grants and subsidies received from the State	(7 782 465)	-
Non-operating expenditure:		-
Expenditure charged against accumulated funds	8 017 232	442 121
	<u>6 425 969</u>	<u>12 906 752</u>
<b>18. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/decrease in inventory	139 091	(139 091)
(Increase)/decrease in debtors	(1 334 005)	1 628 210



Increase/(decrease) in creditors	(1 223 918)	2 432 086
(Increase)/decrease in long-term debtors	(9 917)	56 504
Increase/(decrease) in consumer deposits	(5 293)	(8 026)
Increase/(decrease) in short-term investments	-	(3 040 438)
	<u>(2 557 924)</u>	<u>929 245</u>
<b>19. INCREASE/(DECREASE) IN LOANS (EXTERNAL)</b>		
Loans raised	-	(213 192)
Loans redeemed	(168 971)	-
	<u>(168 971)</u>	<u>(213 192)</u>
<b>20. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments made	(8 130 675)	-
Investments realized	10 134 722	-
	<u>2 004 047</u>	<u>-</u>
<b>21. (INCREASE)/DECREASE IN CASH ON HAND AND AT BANK</b>		
Cash balance at beginning of year	4 883 001	(918 603)
Prior Year Adjustment	767 557	
Restated Cash balance at beginning of year	<u>5 650 558</u>	<u>(918 603)</u>
Less: Cash balance at end of year	<u>(213 832)</u>	<u>5 801 604</u>
	<u>5 436 726</u>	<u>4 883 001</u>

# EMADLANGENI MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009	2008
	R	R
<b>22. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
There are no contingent liabilities or contractual obligations		
<b>23. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure		
Approved and contracted for	-	-
Approved but not yet contracted to	-	-
This expenditure will be financed from:		
Internal sources	-	-
External sources	-	-
<b>24. CONSOLIDATED CAPITAL DEVELOPMENT FUND</b>		
Outstanding advances to borrowing services:		
Accumulated Funds (refer to note 1)	6 106 791	5 252 881
Less: Internal Investments	(3 855 008)	(4 505 971)
	<u>2 251 783</u>	<u>746 910</u>
(Refer appendices A and B for further detail)		

**25. PUBLIC IMPROVEMENT FUND**

Outstanding advances to borrowing services:

Accumulated Fund (refer to Note 1)	6 756 899	6 714 941
Less: Internal Investments	(604 199)	(690 679)
Less: Capital Outlay	-	(6 523 979)
	<u>6 152 700</u>	<u>(499 717)</u>

(Refer appendix A and B for more detail)

**26. BANK CASH AND OVERDRAFT BALANCES**

Cash book balance at beginning of year	5 650 558	(142 035)
Cash book balance at end of year	210 732	5 650 558
Bank statement balance at beginning of year	431 110	554 197
Bank statement balance at end of year	1 032 227	431 110
Cash book balance at end of year	210 732	5 647 558
Petty cash	3 100	3 100
Cash and cash equivalents at end of year	<u>213 832</u>	<u>5 650 558</u>

The Municipality's primary bank account (current account) is held with Standard Bank of South Africa (account number 060100001)

**27. GOVERNMENT GRANTS AND SUBSIDIES**

Utilised to fund operating expenses

(refer appendix D)	7 782 465	-
Credited to reserves (refer appendix A)	10 837 189	7 584 038
Total grants	<u>18 619 654</u>	<u>7 584 038</u>

Details of unspent grants are reflected in appendix A

# EMADLANGENI MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2009 (Continued)

	2009	2008
	R	R
<b>28. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
28.1 Contributions to organised local government	-	-
Opening balance	-	-
Council subscriptions	-	-
Amount paid – current year	-	-
Amount paid – previous year	-	-
Balance unpaid (included in trade creditors and accruals – refer to note 9)	-	-
28.2 VAT		
VAT receivable/(payable)	136 061	(195 857)
VAT receivable is shown in note 5 and VAT payable is shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
28.3 PAYE and UIF		
Opening balance	152 662	80 142
Current year payroll deductions and Council contributions	998 224	1 080 104
Amount paid – current year	998 224	1 007 547
Amount paid – previous year	152 662	152 662

	Balance unpaid (included in creditors)	-	-
28.4	Pension and medical aid deductions		
	Opening balance	-	-
	Current year payroll deductions and Council contributions	944 317	717 114
	Amount paid – current year	944 317	717 114
	Amount paid – previous year	-	-
	Balance unpaid (included in payables)	-	-

28.5 Councillor arrear consumer accounts

All councillors do not have any consumer accounts with the municipality.

**29. MANAGERS' REMUNERATION:**

Municipal Manager	601 820	547 925
Chief Financial Officer	409 834	375 808
Manager Engineering Services	409 834	375 808
Director Corporate Services	409 834	375 808

**38. IRREGULAR EXPENDITURE**

Irregular Expenditure in terms of the Municipal Finance Management Act	0	178 000
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## EMADLANGENI MUNICIPALITY

## STATUTORY FUNDS RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2009

			<i>Restated</i>	<i>Contributions</i>			<i>Expenditure</i>	
	<i>Balance at</i>	<i>Prior Year</i>	<i>Balance</i>	<i>During</i>	<i>Interest on</i>	<i>Other</i>	<i>during</i>	<i>Balance at</i>
	<i>2008/06/30</i>	<i>Adjustment</i>	<i>2008/06/30</i>	<i>the year</i>	<i>Investment</i>	<i>Income</i>	<i>the year</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
<b>STATUTORY FUNDS</b>								
Consolidated Capital Development Fund	5 252 881	-	5 252 881	356 221	497 689	-	-	6 106 791
Public Improvement Fund	6 714 941	-	6 714 941	-	-	41 958	-	6 756 899
Housing Development Fund	-	-	-	-	-	-	-	-
Total statutory funds	11 967 822	-	11 967 822	356 221	497 689	41 958	-	12 863 690

## RESERVES

REV.: ACC: GAME FORUM GRANT	27 818	39 041	66 859	-	3 761	-	-	70 620
FINANCIL MANAGEMENT GRANT 2004/2005								

	(222 638)	222 638	-	-	-	-	-	-
TRANS. GRANT D.P.L.G. REVENUE	11 807	(11 807)	-	-	-	-	-	-
FIRE EQUIPMENT GRANT: ACC: REVENUE	37 123	(37 123)	-	-	-	-	-	-
REV.: ACC: CAP BUILD DEV PLANNING GRANT	41 437	(6 664)	34 773	-	355	-	(20 890)	14 238
REV.: ACC: SPEC PROG SUPP GRANT	182 083	15 561	197 644	-	8 050	-	-	205 694
REV.: ACC: MUN SYS IMPROVE GRANT	17 442	(3 140)	14 302	-	366	-	-	14 668
REV.: ACC: POVERTY ALLEVIATION LED	95 882	(26 896)	68 986	-	-	-	-	68 986
REVENUE ACC: LAND USE MANAGEMENT 04/05	39 082	(39 082)	-	-	-	-	-	-
REV: MSIG GRANT 04/05	388 553	(388 073)	480		10 925	-	-	11 405
MUNICIPAL FINANCE MANAGEMENT GRANT 2004.4005	48	(48)	-	-	-	-	-	-
PLANNING CAPACITY BUILDING GRANT 2004/4005	9 310	(9 310)	-	-	-	-	-	-
SOLID WASTE SITE 04/05	9 310	(9 310)	-	-	-	-	-	-
PERFORMANCE MANAGEMENT SYSTEM 2004/2005								

4 352	(4 352)	-	-	-	-	-	-
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## EMADLANGENI MUNICIPALITY

## STATUTORY FUNDS RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2009

	<i>Balance at</i>	<i>Prior Year</i>	<i>Restated Balance</i>	<i>Contributions during</i>	<i>Interest on</i>	<i>Other</i>	<i>Expenditure during</i>	<i>Balance at</i>
	<i>2008/06/30</i>	<i>Adjustment</i>	<i>2008/06/30</i>	<i>the year</i>	<i>Investment</i>	<i>Income</i>	<i>the year</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
PROPERTY RATES ACT GRANT	69 363	(47 683)	21 680	-	601	-	-	22 281
INTERDEPARTMENTAL MONITORING GRANT 2004/2005	28 129	(22 239)	5 890	-	151	-	-	6 041
CONTR. DEP OF HOUSING (REPAIR OF 376 HOUSES	3 482 842	344 980	3 827 822	-	382 851	-	-	4 210 673
ANTI CORRUPTION STRATEGY GRANT 2004/2005	49 662	4 998	54 660	-	1 988	-	-	56 648
FINANCE MAN. GRANT	672 434	(163 884)	508 550	250 000	42 118	-	(627 368)	173 300
MFMA IMPLMENT GRANT	67	(67)	-	-	-	-	-	-

IDP SUPPORT GRANT	17 367	(5 818)	11 549	-	-	-	(11 549)	-
CAP. BUILD GRANT	163 458	(152 944)	10 514	-	269	-	-	10 783
EXP.: CAPACITY BUILDING WORKSHOP: DBSA FUNDING	53 642	4 007	57 649	-	4 380	-	-	62 029
DEV. INFO SYSTEM GRANT	49 119	(14 529)	34 590	-	1 109	-	-	35 699
VALUATIONS GRANT	180 114	(157 028)	23 086	-	640	-	-	23 726
MSIG GRANT	1 202 560	1 624 013	2 826 573	735 000	177 612	-	(2 085 271)	1 653 914
INTER. DEPT MON. GRANT	40 471	(28 514)	11 957	-	306	-	-	12 263
HORSE RACING PROJECT UTRECHT	1 361	-	1 361	-	-	-	-	1 361
REV.: INSTLL. CONSOLIDATION GRANT 2005.06	300 000	-	300 000	-	-	-	-	300 000
AMAJUBA DM: CTO SUPPORT 2005/06	100 000	-	100 000	-	-	-	-	100 000
PMS GRANT	110 419	(12 505)	97 914	-	10 362	-	-	108 276
REPAIR & MAINTENANCE RESERVE: AGRI-VILLAGE	38 176	(12 123)	26 053	-	-	-	-	26 053
DEPT HOUSING: DISASTER GRANT PROV	15 035	-	15 035	-	-	-	-	15 035

APPENDIX A (Continued)

EMADLANGENI MUNICIPALITY

STATUTORY FUNDS RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2009

			<i>Restated</i>	<i>Contributions</i>			<i>Expenditure</i>	
	<i>Balance at</i>	<i>Prior year</i>	<i>Balance</i>	<i>during</i>	<i>Interest on</i>	<i>Other</i>	<i>During</i>	<i>Balance at</i>
	<i>2008/06/30</i>	<i>Adjustment</i>	<i>2008/06/30</i>	<i>the year</i>	<i>Investment</i>	<i>Income</i>	<i>the year</i>	<i>2009/06/30</i>
	<i>R</i>			<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
HOUSING OPERATING ACC: HOUSING ACT 107 1997	360 566	24 246	384 812	21 070	-	-	-	405 882
AMAJUBA DIST. GRANT (REP)	7 645	50 046	57 691		-	-	-	57 691
MAINTENANCE & RENEWAL								
RESERVE: MARLOTHII FLATS	-	(11 188)	(11 188)	41 188	-	-	(24 974)	5 026
LAND USE MAN GRANT: DTLGA:	-	5 806	5 806		-	-	-	5 806
UPGRADING RURAL ROADS (MIG)	-	(196 152)	(196 152)	4 766 000	19 911	-	(3 285 939)	1 303 820
ROAD SIGN GRANT AMAJUBA DISTRICT MUN.								

	-	-	-	50 000	-	-	-	50 000
MAP GRANT 07/08 RESERVE ACC		1 799 491	1 799 491	-	123 948	-	(1 063 346)	860 093
LED PLANNING GRANT: RESERVE ACC	-	1 754	1 754	-	86	-	-	1 840
MUN.FIN.MAN. SYSTEM GRANT RESERVE								
	-	1 025 972	1 025 972	-	91 043	-	(695 336)	421 679
KINSLEY DEV.PLAN GRANT 06/07 RESERVE								
	-	224 217	224 217	-	-	-	-	224 217
MUN.ADMIN SYSTEM GRANT 08/09 RESERVE								
	-	-	-	500 000	-	-	(202 558)	297 442
Total Reserves	7 584 039	4 026 291	11 610 330	6 363 258	880 832	-	(8 017 231)	10 837 189

## EMADLANGENI MUNICIPALITY

## STATUTORY FUNDS RESERVES AND PROVISIONS FOR THE YEAR ENDED 30 JUNE 2009

		<i>Restated</i>	<i>Contributions</i>			<i>Expenditure</i>	
	<i>Balance at</i>	<i>Prior Year</i>	<i>Balance</i>	<i>during</i>	<i>Interest on</i>	<i>Other</i>	<i>Balance at</i>
	<i>2008/06/30</i>	<i>Adjustment</i>	<i>2008/06/30</i>	<i>the year</i>	<i>Investment</i>	<i>Income</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
<b>PROVISIONS</b>							
Leave	269 970	-	269 970	152 904	-	-	337 002
Bad Debts	2 516 571	-	2 516 571	310 524	-	-	2 827 095
Total provisions	2 786 541	-	2 786 541	463 428	-	-	3 164 097

## EMADLANGENI MUNICIPALITY

## EXTERNAL LOANS AND INTERNAL ADVANCES

FOR THE YEAR ENDED 30 JUNE 2009

	<i>Balance at</i>	<i>Received</i>	<i>Redeemed/ written</i>	<i>Balance at</i>
	<i>30/6/08</i>	<i>During</i>	<i>off during</i>	<i>30/6/09</i>
	<i>R</i>	<i>Year</i>	<i>year</i>	<i>R</i>
		<i>R</i>	<i>R</i>	
<b>EXTERNAL LOANS</b>				
Annuity Loan - DBSA	1 199 328	-	(100 555)	1 098 773
Opel Corsa Finance Loan	63 113	-	(19 230)	43 883

Tata Finance Loan	124 121	-	(38 358)	85 763
Chevrolet Aveo Finance Loan	71 467	-	(10 828)	60 639
Total external loans	1 458 029	-	(168 971)	1 289 058

#### **INTERNAL ADVANCES**

Consolidated Capital Development Fund	4 505 971	-	(650 963)	3 855 008
Public Improvement Fund	690 679	-	(86 480)	604 199
Total internal advances	5 196 650	-	(737 443)	4 459 207

## EMADLANGENI MUNICIPALITY

## ANALYSIS OF FIXED ASSETS

FOR THE YEAR ENDED 30 JUNE 2009

	<i>Budgeted</i>		<i>Written off/ transferred/ disposed of/</i>		
	<i>Expenditure</i>	<i>Balance at</i>	<i>Expenditure</i>	<i>prior year</i>	<i>Balance at</i>
	<i>2008/2009</i>	<i>2008/06/30</i>	<i>2008/2009</i>	<i>Corrections</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
<b>RATES AND GENERAL SERVICES</b>		20 015 755	3 969 467	(9 401 153)	14 584 069
<b>Community services</b>	2 724 500	9 927 779	3 969 467	(3 412 849)	10 484 397
Civil Defence	-	469 252	-	(469 252)	-
Protection Services	-	468 980	-	(270 540)	198 440



Health Services	2 500	4 303	-	(4 303)	-
Municipal Manager	-	6 200 687	-	(6 200 687)	-
Engineering Services	-	783 235	3 274 131	5 373 024	9 430 390
Council's General Expenditure	2 600 000	925 462	-	(800 462)	125 000
Workshop	5 000	122 050	-	(107 501)	14 549
Corporate Services	-	415 884	695 336	(395 202)	716 018
Financial Services	117 000	535 058	-	(535 058)	-
Goedenhoop	-	1 625	-	(1 625)	-
Pound	-	1 243	-	(1 243)	-

<b>Subsidised Services</b>	18 300	3 841 907	-	(3 315 035)	526 872
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Civic Buildings	-	2 806 319	-	(2 806 319)	-
Cemetery	-	141 361	-	(35 753)	105 608
Library	-	43 670	-	(19 620)	24 050
Museum	-	457 097	-	(413 018)	44 079
Parks & Recreation	18 300	393 460	-	(338 232)	55 228
Municipal buildings	-	-	-	297 907	297 907

**EMADLANGENI MUNICIPALITY**  
**ANALYSIS OF FIXED ASSETS**

**FOR THE YEAR ENDED 30 JUNE 2009**

	<i>Budgeted</i>		<i>Written off/ transferred/ disposed of/</i>		
	<i>Expenditure</i>	<i>Balance at</i>	<i>Expenditure</i>	<i>prior year</i>	<i>Balance at</i>
	<i>2008/2009</i>	<i>2008/06/30</i>	<i>2008/2009</i>	<i>Corrections</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
<b>Economic Services</b>	1 175 970	6 246 069	-	(2 673 269)	3 572 800
Cleansing	1 175 970	249 439	-	(249 439)	-
Estates	-	37 809	-	(37 809)	-
Sewerage	-	-	-	-	-
Agri Village	-	113 471	-	(5 081)	108 390

Licensing	-	1 603	-	(1 603)	-
Arts & Crafts	-	435 301	-	(297 499)	137 802
Balele Resort	-	956 048	-	(127 114)	828 934
Balele Game Reserve	-	4 452 398	-	(1 954 724)	2 497 674

**TRADING SERVICES**

6 300      3 994 748      -      (835 111)      3 159 637

Electricity

6 300	3 994 748	-	(835 111)	3 159 637
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**HOUSING SERVICE**

65 000      264 103      -      (264 103)      -

Housing Economic

-	147 404	-	(147 404)	-
-	25 239	-	(25 239)	-
65 000	91 460	-	(91 460)	-

Housing Sub Economic

**PUBLIC IMPROVEMENT FUND**

-      6 523 979      -      (1 100 686)      5 423 293

**OTHER**

-      -      -      30 751 707      30 751 707

**BIOLOGICAL ASSETS**

-      1 611 113      -      (393 133)      1 217 980

**TOTAL FIXED ASSETS**

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4 046 770	32 409 698	3 969 467	18 757 521	55 136 686
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**EMADLANGENI MUNICIPALITY**  
**ANALYSIS OF FIXED ASSETS**

**FOR THE YEAR ENDED 30 JUNE 2009**

			<i>Written off/ transferred/ disposed of/</i>	
	<i>Balance at</i>	<i>Expenditure</i>	<i>prior year</i>	<i>Balance at</i>
	<i>2008/06/30</i>	<i>2008/2009</i>	<i>Corrections</i>	<i>2009/06/30</i>
	<i>R</i>	<i>R</i>	<i>R</i>	<i>R</i>
<b>Less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>	19 315 158	3 969 467	20 943 329	44 227 954
Loans redeemed and advances paid	4 509 367	-	859 863	5 369 230
Public Contributions	8 500	-	-	8 500
Contributions from operating income	2 352 292	-	21 564 466	23 916 758

Grants and Subsidies

Donations

**NET FIXED ASSETS**

10 963 999	3 969 467	-	14 933 466
1 481 000	-	(1 481 000)	-
13 094 540	-	(2 185 808)	10 908 732

## EMADLANGENI MUNICIPALITY

## ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2009

<i>Actual</i>		<i>Actual</i>	<i>Budget</i>
<i>2008</i>		<i>2009</i>	<i>2009</i>
<i>R</i>		<i>R</i>	<i>R</i>
INCOME			
	Government & Provincial Grants & Subsidiaries		
13 115 910		7 782 465	12 643 720
2 217 148	Assessment Rate Income	2 551 603	2 317 679
4 733 456	Electricity Sales	5 450 974	4 565 214
3 030 484	Other Income	4 349 548	6 512 368
<u>23 096 999</u>		<u>20 134 590</u>	<u>26 038 981</u>
EXPENDITURE			
9 517 243	Salaries Wages and Allowances	9 816 420	9 272 876
8 774 265	General Expenses	8 048 528	14 018 965
2 631 765	Electricity Purchases	3 558 740	3 100 000
6 142 500	Other Expenses	4 489 788	10 918 965
584 638	Repairs & Maintenance	821 227	1 154 752
-	Capital Charges	1 080 587	899 320
2 556 895	Contributions to Fixed Assets	-	348 500
-	Contributions	757 715	344 568
<u>21 433 042</u>	Gross Expenditure	<u>20 524 477</u>	<u>26 038 981</u>

<u>1 663 957</u>	Surplus/(Deficit)	<u>(389 887)</u>	<u>-</u>
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APPENDIX E

EMADLANGENI MUNICIPALITY  
DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

<i>2008</i>	<i>2008</i>	<i>2008</i>		<i>2009</i>	<i>2009</i>	<i>2009</i>	<i>Budget</i>
<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>		<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>	<i>Surplus/</i>
<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>		<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>	<i>(Deficit)</i>
<i>R</i>	<i>R</i>	<i>R</i>		<i>R</i>	<i>R</i>	<i>R</i>	
18 354 462	17 527 824	826 638	RATES AND GENERAL EXPENSES	14 674 669	16 956 790	(2 282 121)	(101 525)
16 403 977	14 619 239	1 784 738	Community Services	11 847 919	13 363 095	(1 515 176)	775 863
2 217 838	26 101	2 191 737	Assessment Rates	2 551 603	61 737	2 489 866	2 203 615
710 633	998 679	(288 046)	Protection Services	807 537	1 163 050	(355 513)	(89 616)
10 070 057	5 197 694	4 872 363	Council General	7 110 363	3 456 954	3 653 409	3 293 293
-	-	-	Health	-	-	-	-

160 000	825 651	(665 651)	Municipal Manager Offices
71 999	1 909 302	(1 837 302)	Engineering Services
89 582	2 954 957	(2 865 374)	Corporate Services
3 083 867	2 706 856	377 010	Financial Services
-	-	-	Workshop

-	1 081 891	(1 081 891)	(1 010 900)
45 882	1 896 488	(1 850 606)	(1 843 514)
355 520	3 433 468	(3 077 948)	(1 392 836)
977 014	2 269 507	(1 292 493)	(384 179)
-	-	-	-

248 969	1 231 425	(982 455)	Subsidised Services
34 098	2 852	31 246	Cemetery
217 704	144 864	72 840	Municipal Buildings
5 684	102 897	(97 214)	Library
-	51 265	(51 265)	Museum
(8 516)	929 546	(938 062)	Parks & Gardens

339 675	1 759 031	(1 419 356)	(1 592 407)
39 959	1 077	38 882	(87 580)
294 757	716 530	(421 773)	(443 810)
4 959	113 748	(108 789)	(111 447)
-	-	-	-
-	927 676	(927 676)	(949 570)

1 701 515	1 677 160	24 355	Economic Services
-	-	-	Agri-Village
503 373	436 694	66 679	Balele Resort
550 173	490 643	59 530	Balele Game Park
549 091	746 786	(197 695)	Cleansing
98 878	3 037	95 841	Estates

2 487 075	1 834 664	652 411	715 019
-	-	-	1 287
572 338	539 691	32 647	56 595
866 228	551 109	315 119	349 981
1 007 133	743 864	263 269	216 256
41 376	-	41 376	90 900

APPENDIX E (Continued)

EMADLANGENI MUNICIPALITY  
DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

<i>2008</i>	<i>2008</i>	<i>2008</i>		<i>2009</i>	<i>2009</i>	<i>2009</i>	<i>Budget</i>
<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>		<i>Actual</i>	<i>Actual</i>	<i>Surplus/</i>	<i>Surplus/</i>
<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>		<i>Income</i>	<i>Expenditure</i>	<i>(Deficit)</i>	<i>(Deficit)</i>
<i>R</i>	<i>R</i>	<i>R</i>		<i>R</i>	<i>R</i>	<i>R</i>	
9 091	2 637	6 454	HOUSING SERVICES	8 947	8 947	-	(225 789)
-	-	-	Economic Housing	-	-	-	-
9 091	2 637	6 454	Sub-Economic Housing	8 947	8 947	-	(225 789)
4 733 446	3 902 580	830 866	TRADING SERVICES	5 450 974	3 558 740	1 892 234	327 314
4 733 446	3 902 580	830 866	Electricity	5 450 974	3 558 740	1 892 234	327 314

23 096 999	21 433 041	1 663 958	TOTAL	20 134 590	20 524 477	(389 887)	-
		1 663 958	Appropriations for this year (Note 16.1)			(389 887)	
			Net Surplus/(Deficit) for the year			(389 887)	
		(615 252)	Accumulated Surplus/(Deficit) at the beginning of the year			6 509 302	
		5 460 596	Adjustments in respect of prior year			(10 890 623)	
			ACCUMULATED SURPLUS/(DEFICIT) END OF THE YEAR			(4 771 208)	
		6 509 302					

## EMADLANGENI MUNICIPALITY

## Statistical Information

		2009	2008
<b>(a)</b>	<b>General Statistics</b>		
(i)	Population	23 263	32 500
(ii)	Valuation of "taxable" and non "taxable" property	66 292 555	66 292 555
(iii)	Date of valuation	96.01.01	96.01.01
(iv)	Valuation of residential and commercial property		-
(v)	Number of residential and commercial property		1 414
(vi)	Assessment rates: Cent in the Rand: Land	50 cents	50 cents
(vii)	Assessment rates: Cent in the Rand: Improvement	7 cents	7 cents
(viii)	Number of employees in the local authority	106	98
<b>(b)</b>	<b>Electricity Statistics</b>		
(i)	Unit bought	11 503 445	12 437 600
(ii)	Unit sold	10 189 292	9 627 334
(iii)	Units lost in distribution (i-ii)	1 314 153	2 810 266
(iv)	Units lost in distribution as % of (i)	11.42%	22.59%
(v)	Cost per unit sold (Operating expenditure/(i))	31 cents	31 cents
(vi)	Income per unit sold (Operating income/(ii))	53 cents	49 cents



# **REPORT OF THE AUDITOR GENERAL**

## **COMMENTS:**



## **COMMENTS:**

## **COMMENTS:**